

No partition planned in Lebanon—Shamir

By DAVID LANDAU
Post Diplomatic Correspondent

In an effort to ease Lebanese concern, Foreign Minister Yitzhak Shamir declared yesterday that the partial withdrawal by the Israel Defence Forces in Lebanon would be "a first stage in the complete withdrawal." Lebanese fears that Israel was seeking a partition of the country were "groundless," the foreign minister said.

Shamir was briefing the visiting Middle East committee of the Council of Europe.

Lebanese leaders have contended that an IDF "redeployment" would contradict the Israel-Lebanon withdrawal-and-security agreement, but Shamir maintained that the redeployment would be made within the context of that agreement.

His remarks augured no weakening, however, in the government's continued determination to tie

Israel's final withdrawal from Lebanon to that of Syria. Israel would "complete" its withdrawal, Shamir said, when the other "foreign forces" pull out too.

Labour party leaders Shimon Peres, Yitzhak Rabin and Abba Eban are all now urging a reappraisal — and in effect an abandonment — of the policy which links Israel's final withdrawal to that of Syria. They argue that this originated as a U.S. policy-position. From Israel's standpoint, they say, it is counter-productive because it gives Syria a "veto" over Israel's moves.

The Labour leaders counsel that Israel, after the planned "redeployment" to the Awali river line, make active plans to pull back all the way to the border — leaving beefed-up militias under Maj. Sa'ad Haddad, plus Lebanese Army units, plus perhaps UNIFIL or

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Soldiers in Hebron yesterday when the curfew was lifted for four hours to enable local residents to buy provisions. (Yosef Zamir, Scoop 80)

IDF lifts Hebron curfew for 4 hours

Jerusalem Post Staff

The curfew imposed on Hebron on Thursday was lifted for four hours yesterday to allow the Arab residents to stock up with food and other supplies.

The head of the Judea and Samaria Civil Administration, Tal Aluf Shlomo Ilyia said over the weekend that he hoped the curfew could be lifted completely before the Id al-Fitr feast which commences today and will last until Thursday.

The recently-deposed mayor of the town Mustafa Natshe has been consulting Israeli lawyers to decide whether he can challenge his dismissal by OC Central Command Aluf Uri Orr in the High Court of Justice. Natshe is also worried by the possibility that the Israeli staff officer appointed to replace him, Shmuel Zamir, will now cancel the petition Natshe and the municipality have brought before the court challenging the government's plans to renovate the Jewish Quarter in Hebron. The court has already issued an interim injunction barring any further demolition or construction work in the area while it considers the case.

The municipality's petition and the ban issued by the court incensed the settlers and was cited by the civil administration as one of the reasons for Natshe's dismissal in a background paper distributed to journalists.

The Hebron police have not yet made any arrests in their investigation of the arson that destroyed the local market last Thursday, police said last night.

A spokesman for the Hebron police, Rav-Pakad Mordechai Barakat, denied reports that said there had been arrests. He said that several people from Kiryat Arba had been questioned, and that the investigation is continuing.

Health workers' strike almost certain tomorrow

By MARGERY GREENFELD
Jerusalem Post Reporter

Tomorrow's threatened strike by the Health Ministry's 7,500 service and administrative workers is "nearly a certainty," following yesterday's unsuccessful attempt to revive the Padeh Commission on equalizing the salaries and working conditions of government health workers with those of their counterparts in Kupat Holim Clalit.

If the strike does begin tomorrow,

Kohl due here on August 31

BONN (JTA) — West German government sources confirmed yesterday that Chancellor Helmut Kohl will visit Israel from August 31 to September 4. They added that an official announcement on the visit will be issued soon in Bonn and Jerusalem.

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Tougher IDF policy in Judea, Samaria Cabinet firm against self-defence units

By ASHER WALLFISH
and DAVID LANDAU
Jerusalem Post Correspondents

The policy of the Israel Defence Forces in Judea and Samaria will not become stiffer in the wake of last Thursday's murder in Hebron, and the settlers will not be allowed to form their own self-defence units. But several ministers at yesterday's weekly cabinet session called for faster development of the old Jewish quarter in the City of the Patriarchs.

The session centred on a report by Defence Minister Moshe Arens about the murder of yeshiva student Aharon Gross and its aftermath.

Five ministers spoke during the session about the need to settle Jews inside the city proper as the government's immediate response to last Thursday's killing. They were Housing Minister and Deputy Premier David Levy; Interior Minister Yosef Burg; Science Minister Yuval Ne'eman; Minister without Portfolio Ariel Sharon; and Health Minister Eliezer Shostak.

Levy later told a Koi Yisrael reporter that plans in his ministry envisaged two stages of development for the Jewish quarter — a first stage to be implemented shortly to enable a few dozen families to be installed, and a second stage to allow 500 families to settle in the Jewish quarter over the next three years.

These plans still await top-level government approval and the allocation of the necessary large budgets. They apparently go beyond the cabinet decision of three years ago about the rebuilding

of Jewish Hebron.

Arens told the cabinet he saw "reactions of panic and hysteria" among the Jewish settlers when he toured Hebron last Thursday night. "That should never have occurred. We have to keep steady," he said.

Arens said no change of security policy is required in Judea and Samaria. The army and the Shin Bet (general security service) are quite capable of coping with the situation on the basis of existing guidelines, he said. The number of incidents in which Jewish civilians and settlers were assaulted had fallen noticeably since last March when he took over the Defence Ministry, Arens declared.

The decision to fire the deputy acting mayor Mustafa Natshe was the result of "the situation which had developed," Arens said. "Things had become intolerable and the proposal for Natshe's dismissal had been pending," he said. The murder merely catalysed the proposal into becoming a decision, he said.

Arens said there could be no question of agreeing to any settler demands to form their own self-defence units.

Arens, describing the course of events in Hebron, said there was no evidence to back the news media accounts that IDF soldiers had stood by and done nothing to help the mortally wounded Gross, believing him to be an Arab. Several ministers asked about these reports.

Arens said the authorities are still investigating accounts that Gross was not taken promptly to hospital, and in the end was taken by local Arabs while his colleagues from the yeshiva chased after his assailants

who had fled in their car.

Prime Minister Menachem Begin gave Arens his full backing during the discussion, and also when he made the point in his summary that the army would remain solely responsible for security and that nobody would be allowed to take the law into his own hands.

There was no express condemnation in the cabinet communiqué either of the murder of Gross or of the rioting and arson that followed it. Cabinet sources said, though, that ministers had been unanimous in condemning the killing and in exhorting the violent behaviour of the Kiryat Arba settlers in the wake of the killing.

There was "a problem," however, these sources explained, when it came to recording the cabinet's views in the official communiqué. To condemn both actions — the killing and the arson — would be as though to relate to them with an equal degree of seriousness, whereas the killing was plainly a far more heinous act. But to condemn only the killing while omitting all reference to the illegal acts by the Jewish settlers that followed it would also have been unsatisfactory (and to condemn the arson and not the killing would have been illogical).

The decision, therefore, was to abstain from a formal statement of condemnation, but to ensure that the ministers' strong feelings on both events were communicated to the media and hence to the public.

The official communiqué recorded the prime minister's summation remarks, which had been assisted by all the ministers:

"The cabinet endorses the deci-

(Continued on Page 2, Col. 2)

Gross family asks: What happened?

By JUDY SIEGEL
Jerusalem Post Reporter

"We don't want revenge; we only want to know what really happened," says Yehudit Gross, mother of the 18-year-old yeshiva student, Aharon Gross, who was murdered in Hebron's *casha* last Thursday.

She and her husband Alex, former Americans who came on aliyah from Staten Island, New York, in 1974, are anguished by the fact that not a single representative of the government or of the police has called or visited them since the tragedy and explained what happened during and after the murder.

They are particularly annoyed by attempts of some persons to use the

murder for their own political interests.

"We wanted it to be a family funeral," says Mrs. Gross, who spoke to *The Jerusalem Post* during *shiva* while nursing the youngest of her remaining seven children, five-month-old Mordechai. "We were asked to allow Defence Minister Moshe Arens to speak for five minutes, and out of respect for the government, we agreed reluctantly. But Science Minister Yuval Ne'eman came instead. I wanted to stop him, but I didn't because of the place. He said that Aharon had been among the anti-withdrawal protesters in Ophira, and it wasn't

(Continued on Page 3)



Aharon Gross

Tamir to head PoW investigation team

Post Defence Reporter

Defence Minister Moshe Arens yesterday appointed attorney Shmuel Tamir to head the team examining the whereabouts of missing Israeli soldiers and dealing with those captured by the enemy. There are currently five Israeli soldiers missing. Three are being held prisoner by the Syrians, and eight by various PLO groups.

Tamir, a former minister of justice, is to replace attorney Arye Merinsky, who has been ill.

The Defence Ministry spokesman's short statement yesterday did not say exactly what Tamir

will do, it merely stated that Arens had asked him to take over the job. Tamir will serve along with Aluf (res.) Moshe Nativ, whose last post was as head of the manpower branch at the General Staff.

The International Red Cross spokesman in Geneva said yesterday that all possible efforts were being made by the organization to obtain permission to visit the Israeli prisoners, held by the Fatah and by Ahmed Jibril's group. He added that the last Red Cross visit to the six soldiers being held by the PLO's main Fatah group had been in mid-March.

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NEWSBEAT/Different standards for Sinai evacuees

Friction between farmers, urbanites

WAS THE COMPENSATION paid for the evacuation of Sinai acceptable to the recipients?

It mostly was acceptable to the evacuees in the farming sector; and this is the biggest single cause of dissatisfaction among the urban settlers. Ya'acov Barlevy, who had been chairman of the settlers' committee in the town of Ophira, considers that the worst mistake made by the authorities was to separate the farming from the urban sectors. The former was handled by the

In this third of a series of five articles, Jerusalem Post correspondents DAVID KRIVINE and YOSEF GOELL continue their report on how Northern Sinai residents were compensated, after the area was evacuated in April, 1982, under the Israel-Egypt peace treaty.

Agriculture Ministry, the latter by the Housing Ministry (later the Prime Minister's Office).

"Different standards were used," he says. "Agricultural compensation was based on how much it cost to re-create the same farm in Israel proper. Urban compensation was based on how much the business earned. Under this second criterion it was not possible to reproduce inside Israel the asset as it had existed in Sinai."

Even though they got a lot of money when compared with the urban evacuees, not all the former Yamit area farmers are happy with their lot. Shmuel Albeck, head of the compensation authority for the urban evacuees, says: "It just so happens that since they got their compensation there has been a crisis in Israeli agriculture, and moshav farms are going for a song."

"Some former Yamit area farmers have cashed in and used

their compensation to buy a going farm for as little as 60 per cent of value. But those who have gone into new farms have had to approach the Jewish Agency for additional assistance."

Moreover, compensation for town dwellers did not have to be based on income, they too could opt for asset value.

But what is asset value? Haim ran an agency in Yamit for domestic-gas supplies. He collected his grants for housing and resettlement, and was offered IS5m. for the business. "It's not enough," he says. "Acquiring a new agency in Kfar Saba or Petah Tikva is jolly expensive. I'd have to pay an existing owner for giving up his concession." Haim's claim: IS7m.

Applicants like him can afford to wait and argue, because the bulk of the compensation for their business is already in their hands, through the system of *mikdamot*, or advance payments.

The *mikdamot* were made over straightaway for those sums which were undisputed, before those claims which were disputed were negotiated or settled. The recipients are thus not short of funds, which explains why the bargaining goes on endlessly, aided and abetted by a battery of lawyers who (profitably

(Continued on page 4)



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CHICAGO	16	12	22	61 72
COPENHAGEN	18	14	22	64 72
FRANKFURT	18	14	22	64 72
GENEVA	18	14	22	64 72
HELSINKI	18	14	22	64 72
HONG KONG	28	24	32	82 90
JOHANNESBURG	9	4	14	49 57
LISBON	18	14	22	64 72
LONDON	18	14	22	64 72
MADRID	18	14	22	64 72
MONTREAL	12	8	16	54 61
NEW YORK	20	16	24	68 75
PARIS	18	14	22	64 72
RIO DE JANEIRO	21	17	25	70 77
SAO PAULO	17	13	21	63 70
STOCKHOLM	18	14	22	64 72
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THE WEATHER

	Yesterday's	Today's	Max
Jerusalem	18	16-34	33
Qafar	14	20-35	35
Nahariya	70	17-30	30
Safed	27	21-34	34
Haifa Port	29	23-28	28
Tiberias	39	20-39	39
Nazareth	76	19-34	34
Afula	27	19-34	34
Shomron	27	19-35	35
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B-Gallop	47	19-34	33
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Beersheba	11	17-40	37
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SOCIAL & PERSONAL

President Chaim Herzog and Prime Minister Menachem Begin last week held separate meetings with the chief rabbi of France, René Shmuel Sirat.

President Chaim Herzog yesterday attended a ceremony at Yad Harav Herzog in Jerusalem, named after his father, marking the publication of the 17th volume of the *Encyclopedia Talmudit*. Also participating was a delegation from the Rabbinical Council of America, who are holding a convention in Israel.

Moshe Nissim, minister of justice, will be guest speaker at ladies night of Jerusalem West Rotary tonight at 8 at the King David Hotel. There will be also changing of presidents and officers for the year 1983/84.

In Memoriam

A state memorial service for Zeev Jabotinsky took place yesterday on the 43rd anniversary of his death at his and his wife's graveside on Mt. Herzl in Jerusalem.

Among those present at the ceremony were President Chaim Herzog, Prime Minister Menachem Begin, Knesset Speaker Menachem Savidor, Likud cabinet ministers and leaders of the Betar and Herut movements.

ARRIVALS

Messrs. Shirley Greenwald, Henry Roth and Leibush Morgenstern, senior officials of the international board of directors of Kiryat Sanz Medical Centre.

Soldiers remember fallen comrades

Soldiers in a reconnaissance unit have perpetuated the memory of four soldiers from their unit who fell in the Lebanese fighting by setting up a picnic site in their name in the Jewish National Fund Eshatol forest near Beit Shmesh.

The soldiers contributed a sum totalling more than IS300,000, as well as a day's work each, to lay out the site, which was dedicated one year after the four had been killed by a mine explosion.

HEALTH

(Continued from Page One)

ban as of today in protest against staff shortages. The MDA ambulance teams will in addition not transport patients home from hospital and will not take doctors home after their tour of duty at MDA stations.

The country's 900 X-ray technicians, who returned to full-time work late last week after a three-day strike, said that their threat of a general strike has been temporarily lifted. This follows the opening of negotiations on their demands to shorten their work week from 35 hours to 30 and to add more employment slots.

"We have the impression that a compromise can be reached," union chief Naim Ramati told *The Post* last night. But he cautioned that if the talks break down, the technicians will not hesitate to go ahead with their general strike.

"Another strike in the offing — that of 6,000 hospital nurses — may start on Friday, rather than Wednesday. The leader of the breakaway hospital nurses organization, Bella Safran, said that the letters sent out to inform the employers of the impending sanctions had not arrived until last Friday. "We want to give them at least a week to take some action on our demands for salary adjustments," she said.

HOME NEWS

Police want more men to control territories

By ROBERT ROSENBERG
Jerusalem Post Reporter

The National Police are asking for additional manpower and resources for the administered territories, a senior police source said yesterday. The money would come from the Defence Ministry budget.

This is in view of the general review of law enforcement in the territories, by a ministerial committee headed by Defence Minister Moshe Arens. Apart from more personnel, more money is needed for vehicles, laboratories, and offices. This could take as much as three years and cost IS10 billion. But official police spokesmen say it is premature to discuss costs.

Police sources say the problem of law enforcement in the territories will not disappear overnight even if more money and personnel are available.

"No police force can work without the cooperation of the public. And out there, beyond the Green Line, the Arabs distrust us, and the Jews don't particularly care about us," said a police source.

Still problematic is the coordination of law enforcement in the territories by the various responsible bodies. There is a formal division saying that "hostile activity" is handled by the General Security Services, while "crime" is to be handled by the police. But the divisions in the field are not so clear.

A meeting yesterday of Arens' committee, which includes Interior Minister Yosef Burg and Justice Minister Moshe Nissim, decided that the various recommendations prepared by representatives of all three ministries would be hammered into a working paper, which will be submitted to the government.

Labour against settlement in Hebron

Jerusalem Post Reporter

TEL AVIV. — The Labour Party yesterday criticized Jewish settlement inside Hebron, saying it would only increase hatred and eventually "exact a fearful price."

The statement was issued here in view of the government's intention to expand Jewish settlement in Hebron despite the murder on Thursday of Aharon Gross.

Labour which allowed Jewish settlement in a separate suburb — Kiryat Arba — outside Hebron, said any attempt to establish a mixed town inside Hebron against the wishes of its Arab population, will cause a "tragedy for generations."

Gush Emunim's insistence upon

pushing itself into the heart of Hebron will only deepen hatred, the party added.

Matzad MK Haim Druckman commented last night that the same Labour party which once carried out Jewish settlement all over the land of Israel had now shown it was "moving away from the Zionist path."

Druckman cabled Prime Minister Menachem Begin, in reaction to a telegram by Peace Now protesting the dismissal of Hebron's acting mayor Mustafa Natshe, castigating Peace Now for "caring more about that PLO-nik Natshe than about the lives of Jews in Hebron."

CABINET MEETING

(Continued from Page One)

sion of the Q/C Central Command following the brutal murder of the Yeshiva student Aharon Gross. The security forces will protect the lives of Jews all over Eretz Yisrael, and they will not allow anyone to act on his own discretion.

Education Minister Zevulun Hammer said in the cabinet session that a completely satisfactory answer to the problems of security in Jewish neighbourhoods and along the highways for Jewish traffic, could not be said to exist. He said security authorities should give the cabinet a detailed breakdown of what they were doing to cope with these problems. "There is a lack of clarity about our policy of response to incidents, about rules on the use of firearms by settlers, and about measures to be instituted to prevent recurrence of incidents."

Hammer said the military government must make sure that the Arabs of the areas are not subject to a "free-for-all" but at the same time the Jews of the areas could not go on living in "an atmosphere of apprehension" in their homes and in their vehicles.

Minister without Portfolio Mordechai Ben-Porat said that Arens had handled the situation in a calm and responsible manner and his report to the cabinet had helped allay some of the concern. Care should be taken to avoid statements which exacerbate tempers and actions which provoke undesirable results, he warned.

The policy of the authorities must centre on the fact that Jews and Arabs must coexist in the areas, Ben-Porat said.

Sharon said some of the criticism about the response of the settlers to the murder had overtones of hatred for the settlement movement. Some of the talk about settlers' militias was minimal, he complained. The Arabs here and abroad must be made to realize that Jewish blood could not be shed wantonly.

Sharon quoted the late premier David Ben-Gurion in his preface to a book about Hebron in 1970 in which he said Hebron was a sister-city to Jerusalem and hence Jews should settle there and rebuild the city of the Patriarchs.

Sharon said hundreds of Jewish families should be brought to the old city of Hebron. The wholesale market and the bus station should be handed over to Jewish settlers, he said, since in any case most of the land involved was owned by Jews. He said a broad thoroughfare should be laid out to link the Cave of the Patriarchs (Machpela) to the old Hadassah hospital.

Sharon condemned the abuse hurled by some Kiryat Arba residents at Arens during his visit last

Thursday night.

Energy Minister Yitzhak Moda'i said that no consistent and comprehensive policy exists, unfortunately, with regard to the maintenance of law and order in the territories.

If the deputy mayor of Hebron had been guilty of incompetent management in the city and had incited against the settlers and the military government, Moda'i said, it was strange that action against him had been held up so long.

Communications Minister Mordechai Zipori said that depositing Arab mayors did not solve the fundamental problem. The authorities should beware of reacting to murders and assaults in a manner which went beyond actual security needs and caused further repercussions not envisaged at the outset, Zipori said.

Meanwhile, Tehiya MK and Gush Ezer settler Hanan Porat told newsmen yesterday that Kiryat Arba and other West Bank settlements will "wait and see in the days ahead how the cabinet's decision will work in practice."

Porat indicated — and this was confirmed by other sources — that certain cabinet decisions pertaining to security and defence matters had not been published.

He hinted that the Judea and Samaria settlers' threat to hand back their weapons to the IDF, as a protest against alleged army ineffectiveness would be withdrawn for the time being.

He argued, though, that this threat was grounded in the logic of what he called the settlers' dilemma — they were issued weapons by the army, but they were not given adequate legal powers to use them in times of attack or danger.

He said members of the civil guard received significantly greater legal powers to use their weapons than did the Judea and Samaria settlers — and this was an anomaly.

Porat cited the case of a young Jewish settler who was recently attacked by Arab terrorists in Hebron, fired his weapon, was awarded a citation by the chief of staff — and must nevertheless face charges for using his weapon illegally.

Porat said he had heard from eyewitnesses to the murder that the yeshiva students and other settlers had left Gross and neglected to attend to him because he (Gross) had managed to get up and run a few steps after the attack and they therefore thought he had not been wounded (or not seriously wounded), but rather that his weapon (an Uzi submachine gun) had been grabbed by his assailants who made off with it.

Shamir warning over tanks for Saudis

Foreign Minister Yitzhak Shamir has called on the West German government not to sell advanced Leopard 2 tanks to Saudi Arabia.

Speaking in an interview with a visiting West German journalist, Shamir said that relations between Israel and West Germany were much better than in past years, and he praised the "great efforts" of German Foreign Minister Hans-Dietrich Genscher, while president of the European Economic Community Council of Ministers, to improve relations between Israel and the EEC as a whole.

However, Shamir said that it was "inconceivable" that West Germany should sell Leopard tanks to Saudi Arabia, a step which he stressed would "gravely endanger" Israel's security.

Shamir also said that Israel would not accept any deals which purported to compensate it for such a sale if it went through, an idea which Foreign Ministry sources say has recently been voiced in the West German press. (AP)

IS150 ceiling in parents donation to school

The Education Ministry has set a ceiling of IS150 for parents' "contributions" to schools next year per pupil.

Announcing this in a circular to the schools, ministry director general Eliezer Shmueli said the maximum contribution for two children in the same institution is

IS250 and for three, IS300.

The contributions are for improving "the teaching and learning process" and to help needy pupils. The contributions are not compulsory and pupils should not be penalized if their parents fail to make a contribution, said the circular.



Jacques Baumel, head of the 15-member Middle East committee delegation of the Council of Europe, currently visiting Israel, meets Speaker Menachem Savidor at the Knesset yesterday. (Scoop-80)

NO PARTITION

(Continued from Page One)

Multinational Peacekeeping Force units to police the security zone.

Peres says Israel should proclaim a "red line" — as it did in the years 1976-82 — declaring that if the Syrians move south of their present positions, towards the Israeli border, Israel would see that as a hostile act.

But Shamir's remarks yesterday made it clear that the government is not about to adopt the Labour advice, despite the presently bleak prospect of achieving a mutual, simultaneous withdrawal with the Syrians.

Government officials maintained that Shamir's formulation was important nevertheless, because it emphasized to the Lebanese and to the U.S. that Israel did not regard the "redemption" as a deviation from the Israel-Lebanon accord or from the ultimate goal of withdrawal of all foreign forces from Lebanon.

Some high officials see the minor IDF redeployments in Beirut at the weekend as small but significant test-cases in terms of the Lebanese Army's ability to coordinate with the IDF and take over areas which the IDF vacates. The IDF's movements were decided upon, it is reliably understood, at the highest policymaking levels.

According to Israel Radio, Defence Minister Moshe Arens told the European council's committee that the Lebanese Army was main-

taining order quite well in densely populated Beirut, and could cope with more territory. He admitted concern, however, over what would happen when the IDF left the Shouf area, as the conflict between the Christians and the Druse was "brutal and fanatical."

Arens told the council representatives that Israel had been forced to work out its redeployment scheme in the face of mounting IDF casualties.

The head of the European delegation, Jacques Baumel (France), said that in his view Europe ought to be more active in helping find a solution to the Middle East conflict.

Knesset Speaker Menachem Savidor said that Europe and the U.S. should speak with one and the same voice regarding Middle East issues, and should join forces to persuade all the states involved to meet around one table and negotiate on the basis of Camp David.

The European delegation visited Syria and Lebanon before coming to Israel. It leaves for home this morning. It will prepare a report for the plenary of the Council of Europe meeting in Strasbourg in September.

Meanwhile the discussions between ministers and IDF planners on the A'ali redeployment are expected to continue this week, and cabinet sources say a decision is likely before Premier Begin sets out for his Washington visit at the end of the month.

Christians and Druse exchange fire again

Jerusalem Post Reporter

METULLA. — Fierce exchanges of artillery and light arms fire resumed last night between Druse and Christian forces in villages along the Beirut-Damascus road and in the Shouf Mountains. The firing took place both in territory controlled by the Israel Defence Forces and in

areas under Syrian army control.

Shana'i village near Bahamdoun and the village of Majdal Ba'aneh exchanged artillery fire. Other exchanges were reported in Shareifeh and Suk al-Arb.

IDF units were making efforts to secure a cease-fire last night.

Lebanon road blast causes no injuries

A 10-kilogram explosive charge went off yesterday in the southern Lebanese village of Tibnit on a major road used regularly by IDF forces. There were no injuries.

The bomb exploded just a few minutes before an IDF patrol passed the scene. The soldiers stopped their vehicle and opened fire in the direction from which it was thought the charge had been detonated. (Itim)

Anti-tank defence

Post Defence Reporter

TEL AVIV. — TOW anti-tank missiles have been placed in border settlements, the IDF spokesman reported late last night.

He said the U.S.-made missiles would be operated by settlers who have received special training in the territorial defence units. Most of those settlers have served in combat units.

London Jews heckle visiting Moscow mayor

LONDON (AP). — More than 20 Jewish protesters shouting "free Soviet Jewry" encircled Moscow mayor Vladimir Pronyslov yesterday as he arrived for a lunch with leaders of the leftist-led Greater London Council.

The young demonstrators, some wearing prison camp clothing, waved placards at the 75-year-old mayor as he made his way through the courtyard of the Dickens Inn at St. Katherine's Dock. A member of Pronyslov's party struck out and broke one of the placards.

CHAIRMAN. — Prof. Moshe Bar-Asher, 44, has been elected chairman of the Hebrew University's Institute of Jewish Studies, replacing Prof. Joseph Dan who headed the institute for the past four years. Bar-Asher will continue as head of the university's Department of Hebrew Language until the start of the 1983-84 academic year.

48 hours to find arbitrator or court will select one

Jerusalem Post Reporter

The Israel Medical Association and the employers must agree on the arbitrator in the doctors' dispute by tomorrow evening, or the issue will be turned over to the Jerusalem District Court, Attorney-General Yitzhak Zamir said last night.

When the 72-hour extension granted on Thursday night expired at 9 p.m. yesterday, the two sides had still not found any candidate acceptable to both the doctors and the Treasury. Zamir thus granted another extension — 48 hours — but said that this would be the last.

Under the terms of the arbitration agreement signed last Tuesday at 9 p.m., both sides originally had 48 hours to agree on an arbitrator, who would then have 40 days to complete his work.

Treasury officials yesterday complained that the doctors had rejected all of their suggested names, including top academic and legal figures. The doctors have established criteria for eliminating names based on political considerations, they said.

IMA officials last week told *The Jerusalem Post* that the arbitrator could not be "a Likud man," a businessman subject to pressure from the Treasury, a judge, or former judge.

But the IMA also complained that the Treasury has categorically rejected "long lists of names" they have presented. "Soon we'll just run out of suitable ideas and have to select random names from the telephone directory," one IMA official said.

Treasury rebuffs 'biased' columnists

Post Economic Reporter

Columnists Rowland Evans and Robert Novak are known for their anti-Israel bias over the past ten years, the Treasury said yesterday in reacting to their charges that the U.S. "confronts a rising spiral in financing Israel that may be impossible to stop."

Evans and Novak charged in their column last Friday that "secret portions" of a U.S. government study on aid to Israel revealed that the U.S. had been "repeatedly deceived by Israel" in aid issues and forecasted a payments crisis "as Israel finds itself unable to repay its foreign debt."

The Treasury said the U.S. State Department had ruled the findings "unbiased" and thus the Treasury was not worried by what the "biased columnists" wrote.

Evans and Novak are well-known journalists, the Treasury pointed out, and Israel's enemies. "The Treasury said Israel will have no difficulty in repaying its debt, most of it is long-term and, as the country's record shows, we have always paid all our debts punctually."

The Treasury added that the U.S. administration has expressed confidence in Israel's ability to repay its debts.

Pedestrian killed by car in Tel Aviv

TEL AVIV (Itim). — A pedestrian was struck and killed here on Saturday night by a car which then hit an electricity pole, injuring the vehicle's two occupants.

Yosef Cohen, 54, was killed on Rehov Hanitzahon by a car driven by Moshe Levy, 30. Levy was lightly injured and his wife was hospitalized in serious condition. Police told a traffic court judge that

Levy was driving recklessly. The judge released Levy on IS100 bail.

Near Tiberias yesterday morning 12 passengers in a minibus were injured — three of them seriously — when the vehicle ran off the road and overturned on the mountainous descent from Poriya. Police said the driver lost control because of speeding.

Pro-Arafat demonstrations in Nabulus, Kalandiya

Jerusalem Post Reporter

Palestinians in Nabulus and the Kalandiya refugee camp demonstrated on Sunday night in support of PLO chairman Yasser Arafat and against Syrian intervention in the rebellion within Fatah challenging his leadership.

Demonstrators held up pictures of Arafat and raised Palestinian flags, but no arrests were reported. The army yesterday lifted the

curfew imposed the previous day in the Deheishe refugee camp following reports that a left-wing group, the Birzeit Solidarity Committee, intended to demonstrate in the camp.

The committee reportedly intended to protest against the closure of roads leading into the camp, the army as part of its drive against stone-throwing attacks on Israeli vehicles passing in the area.

7 held on suspicion of destroying 700 trees

JENIN (Itim). — Police have arrested seven residents of the Jenin area on suspicion of destroying some 700 fruit trees in the orchards of Kibbutz Givat Oz. The suspects have admitted destroying the trees, police said.

While not attributing any other motive to the crime, police said that it was definitely not caused by friction between the kibbutz and nearby Arab villages, whose relations have always been friendly. On Saturday a group of Arab notables from the region visited the kibbutz to express their sorrow and anger at the destruction of the trees.

Three Lebanese killed in crash with IDF

Jerusalem Post Reporter

KHALDE, Lebanon. — Three Lebanese residents were killed last night when their car collided with an Israel Defence Forces armoured personnel carrier. The IDF then took the Lebanese men to a hospital, where they were pronounced dead.

DETAINED. — Two Iranian lieutenants have been detained in Oman pending trial on charges of illegal entry after landing their helicopter on a desert strip in the Gulf state, an Omani police spokesman said yesterday.

Our beloved

CISSIE DORFGAR

daughter of Eliezer and Bella Bernstein
has passed away in a ripe old age.

The funeral will leave at 1.30 p.m. on Tuesday, July 12, 1983, from the Municipal Funeral Parlour, 5 Rehov Dafna, Tel Aviv, for the Old Cemetery in Rishon LeZion.

The Family

The Israel Bond Organization
deeply mourns the passing of

LEON MAIERSDORF

and extends heartfelt condolences to
his wife,
YVONNE.

On the Shloshim of the passing of my beloved husband

HARRY BLUMBERG

there will be an unveiling of the tombstone and a memorial service at the Herzliya cemetery, on Wednesday, July 13, 1983. We will meet at the cemetery gate at 2.45 p.m.

His wife: Renee Blumberg

In deep sorrow, we announce the death
of our member

ZVI GOODMAN

The funeral took place on Kibbutz Afikim
on Friday, July 8, 1983.

Candidates in southern towns gear up for October elections

By LIRA MORIEL
Jerusalem Post Reporter

BEERSHEBA. — With municipal elections slated for October, local parties and factions are gearing for position, fielding candidates deemed likely to topple the ever popular Mayor Eliahu Nawi. A recent poll by a local weekly gave Nawi 39 per cent of the vote, with the nearest opponent netting less than 6 per cent.

Nawi, still a card-carrying member of the Labour Party, despite the fact that he ran as an independent last time around, has been mayor for 20 years and has enough personal appeal to make any opponent think twice about even entering the race.

So it was surprising to learn that Nawi's foremost opponent is his former right-hand man, Balfour ("Bulldozer") Kiviti, who has taken a leave of absence from the municipality and come out of the political closet as a Herutnik. Kiviti has taken on the local Herut chapter by storm, culminating in his election as the Likud's candidate for mayor last Wednesday night.

Kiviti's election was fraught with irregularities, however, and Herut headquarters in Tel Aviv has issued a statement calling it illegal and, therefore, void. The Herut Party court is to discuss the matter on Wednesday in Tel Aviv.

Nawi himself, although not yet officially running, has sent out feelers both to the Alignment and to the Likud, hoping to get their tacit endorsement while running again as

an independent. He was not successful. Nevertheless, it is axiomatic here that, if Nawi does run again, he will win. The only unknown is: by how much?

The local Labour Party branch is reportedly looking into the possibility of fielding MK Uri Sabag, a lackluster politician who is a former head of the Beersheba Labour Council and who still wields some local power.

Because the Alignment has decided its MKs can no longer serve simultaneously as mayors, Dimona Mayor Jacques Amir will not seek reelection, preferring to remain in the Knesset.

Shimon Cohen, chairman of the Mitzpe Ramon local council, is reportedly under pressure to accept a realistic position on the Alignment slate in the next elections. He may also decline to run locally, although his candidacy has been assured.

In Yeroham, Yerah Glatter, chairman of the appointed committee running this problematic town of 7,000, has decided to run as an independent in the upcoming municipal elections. He has been chairman for four years, after the Interior Ministry intervened and appointed a council following unconvincing results in the last elections.

Glatter told *The Jerusalem Post* that his decision stemmed from his desire to see some of his projects through to completion, as well as a desire to see Project Renewal turn Yeroham into a model development town.

No injuries in rail sabotage incidents

Jerusalem Post Reporter

Two incidents of rail sabotage yesterday caused property damage, but no injuries were reported.

A train from Jerusalem was derailed outside the city when it reached a point on the track where the rails had been forced apart. An engine and three freight cars were forced off the tracks. Railroad

cranes brought in and set the cars back on the rails.

In an incident near Kiryat Gat, a rail inspection train discovered a small hole in the railbed made by an explosive charge. The hole was filled and traffic was allowed back on the tracks.

Police are investigating a possible link between the two incidents.

Conservatives write to Begin over Law of Return

Jerusalem Post Reporter

The Conservative movement in Israel yesterday sent a letter of protest to Prime Minister Menachem Begin, pledging to Agudat Yisrael that he would "make every effort" to revise Israel's Law of Return to exclude those converted to Judaism through non-Orthodox conversions.

"As Israeli citizens and observant Jews," said the letter, "we totally oppose your intentions" regarding

the Law of Return. "Despite the claims of certain factions, this quest for revision does not come in the name of heaven, but rather in the name of politics and the continued monopoly of one religious faction that desires to dominate the whole of the Jewish People."

The Conservative Jews added that "for years," they had been asking Orthodox factions to sit with them in order to reach a mutual understanding on conversion.

TA lifeguard hours can't be extended

Jerusalem Post Reporter

TEL AVIV. — The director of Tel Aviv's municipal services Pinhas Lahav, said yesterday that lifeguard services cannot be extended because there are not enough lifeguards to establish a second shift.

Tel Aviv's lifeguards had been working a 12-hour day, until a decision 10 days ago by the Tel Aviv District Labour Court limited them to 12 hours overtime a week. Starting this week the lifeguards

will work until 4 p.m. on weekdays, 5 p.m. on Fridays and 5.30 on Saturdays.

Commenting on the situation, Tel Aviv Mayor Shlomo Lahat admitted the shortened bathing hours are dangerous — since swimmers stay on even after the lifeguards leave — but, he added, the city faces a dilemma: It cannot oblige the lifeguards to work more overtime, and it cannot find more lifeguards for the extra hours.

GROSS FAMILY

(Continued from Page One)

By MICHAEL YUDELMAN
Jerusalem Post Reporter

GANOT. — A large balloon, which appears to have come all the way from Taiwan, landed at this moshav early yesterday morning.

Police were initially baffled, but press clippings and anti-Communist slogans in Chinese found on the balloon indicate it was launched from Taiwan, Nationalist China, according to Rishon LeZion police commander Pakad Ya'acov Shoval.

The balloon — some 18 metres in diameter — landed after midnight Saturday on the treetops of the moshav just off the Tel Aviv-Jerusalem highway. Armed residents swiftly surrounded it. Fearing some kind of terrorist act, police and Border Police, headed by Shoval, arrived on the scene and cleared residents from the area. A police sapper examined the balloon.

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"We told him to stay in yeshiva and study, and he never went either there or to Ophira" (contrary to press reports that he was an anti-Communist), she said, adding that he was never an activist in Gush Eilat.

Alex, a lawyer, and Yehudit, a teacher, came on aliya for religious reasons with their (then) six children, Aharon, Shmuel, Hanna, Sari, Rachel and Haim. Alex serves in the reserves and was wounded during Operation Peace for Galilee.

The family live in Jerusalem's Kiryat Itri, downstairs from her parents, who also came on aliya. Raisel and Mordechai were born here.

"The government has been so thoughtless," said Rabbi Yehuda Ginsberg, Aharon's grandfather. "I am so ashamed. We came here because we belong in Eretz Yisrael and we're willing to pay the price."

Now every political group is trying to use this tragedy for its own advantage.

The Gross family yesterday sent telegrams to Prime Minister Menachem Begin and Interior Minister Yosef Burg, demanding a detailed explanation on what happened in Hebron and why Aharon's body was taken to an Arab hospital.

They also want to know why their son was not treated immediately and why Aharon, who wore ritual fringes, was mistaken for an Arab.

"The American vice-consul in Jerusalem came to our house immediately on Friday morning; he had recognized our name from a passport request we made for our baby," says Mrs. Gross. "But no one from our own government has come."

Her explanation for this negligence is that "they know we're a religious family and they think we'll console ourselves. But Aharon's murder was not just a personal loss; it was a loss for the nation."

Civil defence drill nationwide tomorrow

Jerusalem Post Reporter

Beginning early tomorrow morning there will be a civil defence exercise throughout the country with the participation of Hagan (civil defence) forces, the police and air force. During the exercise the sounds of gunfire and explosions will be simulated and an all-clear siren will be heard for two minutes, at 8 a.m. and again at 1 p.m., throughout the country. In case of a genuine alert, a rising and falling siren will be sounded.

'Chinese-speaking' balloon lands in moshav

By MICHAEL YUDELMAN
Jerusalem Post Reporter

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Terrorist's son to go back to mother in Syria

Jerusalem Post Reporter

ACRE (Itim). — The son of terrorist Samir Darwish, who was smuggled by his mother into Israel shortly after the outbreak of the Lebanon war, will be returned to her next Thursday.

This follows a Moslem court ruling by Acre kadi Mohammed Hushashi.

Darwish, a Fatah officer, was killed by Israeli forces during the war outside Sidon. Darwish's wife fled to Syria and from there smuggled their three-year-old child to Israel into the care of his grandmother Jamila Darwish, of Acre.

Preliminary examination ruled out terrorist or criminal activity, or the possibility that a person could have "ridden" the balloon. Coastal Plain police sub-district spokesman Pakad Johnnie Tester said.

In sacks and packages attached to the balloon, police found underpants, a vest, a towel, a medallion, a key ring, a water container surrounded by synthetic foam, newspaper clippings, photographs of two smiling men and an object with burned wires sticking out of it. Each object was individually wrapped and had Chinese slogans written on it.

The balloon was taken to the Rishon LeZion station. A Chinese-speaking man from Taiwan was located to translate the writing. According to the translation, the picture showed two Chinese pilots who had deserted China and reached

Taiwan via Japan. The clippings, taken from Taiwan newspapers, described the pilots' escape, and the slogans blasted communism and said how good life was in Taiwan.

The objects attached to the balloon were a gift to anyone who found them, according to the writing on them.

Tester said the arrival of the balloon in Israel — if it floated here by air — was a mystery, since it was made out of thin nylon which normally does not last long. Police are checking the possibility that the balloon was part of an advertising gimmick, he said.

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Three new miztzipin to go up in the Arava

Jerusalem Post Staff

Three new lookout settlements are to go up in the Arava. The joint settlement committee of the government and the World Zionist Organization yesterday approved the establishment of the settlements.

The three settlements will be Mitzpe Shaharut, west of Yotvata, Mitzpe Sayarim, west of Bikat Sayarim, and Mitzpe Shita, south of Nahal Hayun, all in the southern sector of the Arava.

FRENCH YOUTH. — A group of 30 Jewish high school students from Paris arrived last week for a month's activity with the local Gadna paramilitary youth movement.

New section opens in Ayalon Freeway

By CAROL COOK
Jerusalem Post Reporter

TEL AVIV. — The dream of bypassing Tel Aviv's traffic jams comes closer to reality today with the opening of the three-lane north-south section of the Ayalon Freeway from the Halacha Bridge in North Tel Aviv to the Shalom Bridge in the city's centre.

The section will enable commuters from Ramat Gan to get to the centre of Tel Aviv without entering the Haifa Road, normally a bottleneck at rush hours.

The south-north section, from the Shalom Bridge to the Halacha bridge, has been in use more than a year.

There are no traffic lights along the two kilometre stretch, which has a speed limit of 90 kms. per hour. It takes motorists two minutes to travel a distance that can take 15 minutes or more on the crowded Haifa road.

The Ayalon Freeway, begun in 1972, will run from Rokach Boulevard in the north to the Jerusalem highway in the south when completed in 1987. Budget cuts at various stages of the project delayed its completion, but Dan Holzman, director of the Ayalon Highways company, says enough funds are available to finish the project. Total cost will be \$100 million, which includes \$25m. for the drainage canal that replaced the Nahal Ayalon, and \$20m. for compensation to property owners along the route.

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Youth said to have stolen mosque's tape recorder

Jerusalem Post Reporter

NABLUS (Itim). — An 18-year-old boy from here was arrested yesterday, suspected of having stolen a tape recorder, used by the mezzuzin for calling the faithful to prayer, from the city's central mosque. The youth has supposedly admitted to several other thefts from mosques in Samaria, including a wall clock from the Kafr Shevecha mosque, near Tel Cerem.

The soldier told police that, while he was checking the rifle, it went off, fatally wounding his friend.

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I.R.H. — Israel Resort Hotels, a subsidiary of The Israel Land Development Company.

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Chad gov't recaptures key town

PARIS (Reuters). — Chad government forces yesterday recaptured the strategic eastern town of Abeche from Libyan-backed rebels, the Chad charge d'affaires in Paris Ahmad Allam-Mi said.

He told reporters that troops loyal to President Hissene Habre had entered Abeche early yesterday and by noon had recaptured the town from the rebel forces of former president Goukouni Oueddei.

"The government troops are in the process of chasing the enemy along the road from Abeche to Adre, on the Sudanese border," Allam-Mi said. "Fighting is also continuing at Oum-Chalouba to the north," he added.

The diplomat said Abeche was evacuated during fighting with the Libyan-armed rebels Saturday as part of government army strategy.

"The enemy is completely disorganized for the moment but the Libyan army is ready for action," he said. He did not elaborate.

French journalists and doctors in Abeche earlier yesterday reported

that the rebels were in control of the vital town but this had not been confirmed by the N'djamena government.

Meanwhile, French television reported that an evacuation plan for the French community has been prepared for implementation if the situation deteriorates.

Dependents of diplomats, international aid organizations and other expatriates have already left N'djamena, reflecting widespread concern about Habre's capability to check the rebels at this late stage. In Cairo, Egyptian President Hosni Mubarak was quoted yesterday as saying Cairo had rejected a request by Chad for pilots and military advisers to aid the hard-pressed government.

The newspaper *Al-Mersa* said the president told Egyptian editors Saturday that Egypt was not prepared to send troops to fight abroad.

"I said our army does not serve as a mercenary force because it has its own national tasks... we have been asked to send air force pilots and military advisers to Chad, but we firmly turned down the request,"

Mubarak was quoted as saying. An insurgent victory in Chad, western and official analysts contend, would give Libyan leader Muammar Gaddafi a coveted foothold for extending his influence into sub-Saharan Africa. Chad, a landlocked former French colony, shares borders with five black African countries — Sudan, Central African Republic, Cameroon, Niger and Nigeria, Africa's most populous country.

"There are much greater stakes (in the Chad conflict) than a couple of desert chieftains having it out," a western source said. "For now, this is his (Gaddafi's) great move."

Seldom do officials of the Habre government miss an opportunity to invoke the Libyan threat or appeal for additional western military aid. "We are in need of everything that can destroy the enemy," said Habre's press attaché, Khamis Togoi. Notably lacking, he said, is adequate air support for government forces.

Analysis in the capital have questioned government tactics of extending their resources to confront the rebels wherever they advance in the sprawling country that is twice the size of France, instead of consolidating at the most vital strongholds.

Throughout its intermittent, 18-year civil war, Chad often has been characterized as a country more difficult to keep than conquer.

That task for the Habre government is formidable in face of the rebels' Libyan-armed and trained forces.

"Libya has provided (the insurgents) with a modern panoply of military hardware," a western source in N'djamena said, adding:

"It's a big-time army, going at it by the book. They are no longer what they were. They are no longer a badly equipped Chad army." (Reuters, AP)

Close UK vote likely on death penalty

LONDON (Reuters). — A handful of votes is likely to determine whether Britain brings back the hangman this week.

After a brief but intense national debate, Parliament decides on Wednesday if Britain, alone among West European nations, should resume the practice of executing murderers.

Parliament has voted on the issue every few years since capital punishment was abolished in 1965 but now, for the first time, "the hangers" have a genuine chance of victory.

Their success would restore macabre and dread images that to a generation of Britons are the stuff of ancient history — the black cap ritually placed upon the judge's head as he pronounces sentence, the condemned man's final appeal rejected, the family and the ghoul at the prison gates on execution day.

If hanging is restored, it will be due to a rash young breed of far-right Conservatives who rode into Parliament last month on the coat-tails of Prime Minister Margaret

Thatcher's general election landslide.

Nine out of 10 Britons, according to a poll, want child killers and terrorist killers to hang. Four in five want death for police killers or those who kill in the course of robbery.

The House of Commons vote will be a bipartisan affair in which MPs will be free to follow their consciences. Thatcher will vote in favour but Home Secretary Leon Brittan, in charge of law enforcement, is expected to vote against.

"When a person dies, you bury him and get on with the business of living. You can't mope around endlessly. Yarnit is finished and done with, it's an old story by now. There's been a war since then, in Lebanon.

"We received less than we should have got, so what? Haunting corridors and banging tables to get an extra million or two shekels is futile. The time would be better spent in re-building our lives elsewhere."

Why cannot people desist from this endless wrangling? Digly (an ex-army officer): "They got something tremendous in Yarnit, and want it again. Some found refuge there from the complications of big-city life. They are scared to go back to the heart of the country." These factors toughen their stance in negotiation.

The money they got in the end was substantial but it had an ambivalent effect. Had there not been this windfall, they would have been compelled to make a fresh start, simply in order to survive. Being instead cushioned against necessity, they tend to postpone decisions, to brood, to seek impossible solutions.

On the other hand, Shmulevich points out, the sums look large to the Treasury but not to the recipients. The latter have bought large flats, but they cannot afford to reproduce the precise living and working conditions they enjoyed in Yarnit.

Circumstances sometimes get on top of them. One married couple quarrelled and parted (as though the ejection from their home in Sinai was not enough). The husband with three children was left high and dry. "Half my compensation," he told Shmulevich despondently, "went to my wife, and the other half to my lawyers."

SHOULD IT ALL have been organized differently? Shmulevich: "The peace treaty imposed a fixed deadline for withdrawal from Sinai. People exploited the situation by making exorbitant last-minute demands. I would have timed the evacuation to take place a year earlier. We would not have been exposed to the same pressures."

Rivka Yaacobi: "Two terrible errors were committed. First, there should not have been that disparity between what the farmers were awarded and what the town-dwellers received.

"Second, two whole years were allowed to elapse after Camp David before the government got down to fixing a procedure for working out compensation." That period of shilly-shallying caused uncertainties, created antagonism towards the authorities and prompted aggressive action among the settlers in defence of their rights.

One of them told *The Jerusalem Post* in rebuttal: "Had we not taken violent measures as we did, we'd be on the breadline today."

Albeck: "Our mistake? We gave them ample financial compensation, but we did not help with their rehabilitation.

"It's difficult to know where to draw the line. Had we placed them in homes and jobs, there would have been endless complaints — why this particular town, why that particular shop, and so on." Nevertheless, the authorities should have taken a part — where necessary — in helping the recipients make sensible decisions, Albeck believes.

"If you talk about a garage or a factory, you are dealing with real things. If money is the only topic, then the argument is over another million shekels and another million shekels, and you never finish."

Sports

Soviet diver cracks skull at Edmonton

EDMONTON. — A Soviet high diver underwent emergency surgery after fracturing his skull on the high board at the World University Games here on Saturday night.

Doctors said 21-year-old Sergei Shalibashvili was in serious condition after smashing his head on the board and plunging unconscious into the pool. He underwent a 40-minute operation to relieve pressure on his brain.

The accident happened in the spectacular 10-metre highboard competition. Shalibashvili, attempting a three and a half reverse somersault, caught his head on the take-off platform.

Doctors said he suffered some fractures to his skull and it was impossible to tell if he would be paralysed until he regained consciousness.

Meanwhile, Canada reaped its only defeat of the competition and won the men's basketball championship at the games on Saturday night, beating Yugoslavia 83-68. Yugoslavia had beaten the Canadians earlier in the tournament.

The U.S. team won the bronze medal, racing past Cuba 119-91.

Israel's team beat the Ivory Coast 84-83 on Friday night, but lost by just one point to China on Saturday, to finish in sixth place in the basketball competition. (AP, Reuters)

Connors wins year's richest tournament

SUN CITY, Bophuthatswana (AP). — American Jimmy Connors beat Ivan Lendl of Czechoslovakia in straight sets 7-5, 7-6 yesterday, to win the \$400,000 first prize in the Sun City million-dollar tennis challenge.

Lendl, who had beaten Connors in their last two indoor matches, including the U.S. Masters, took home second prize of \$300,000.

In the other final match of the three-day, round-robin exhibition, the richest event in tennis this year, South African-born Johann Kriek beat South African Kevin Curren 6-2, 6-0 to take third place and \$20,000. Curren won \$100,000 for finishing last.

Connors won all his three matches in the tournament, including an opening victory on Friday night over Curren to sweep his fourth-round loss to the South African at Wimbledon last month.

Perkis off to Europe

By JACK LEON, Post Sports Reporter

TEL AVIV. — Israel's new tennis hero Shahar Perkis left for Europe yesterday for a fortnight's tournament competition in West Germany. Perkis, 20, told *The Jerusalem Post* that he plans to play the pro-circuit on a full-time basis when he finishes his army service in six months' time.

Disappointment here over Israel's 3-2 weekend defeat by Germany in the Davis Cup semi-final tie at Ramat Hasharon was somewhat tempered by Perkis' stellar performance in both singles and doubles competition.

Germany's non-playing captain Wilhelm Bungert said on Saturday night that his team had hoped to win 3-2, but with the vital point coming in the doubles. "We never expected that Glickstein would be beaten in singles, but were confident about the doubles. Instead we lost that one and Michael Westphal defeated Glickstein after all, which all proves what a funny game tennis can be."

Saturday's baseball

American League
Toronto 5, Texas 1; Boston 10, California 3; Chicago 4, Milwaukee 3; Seattle 3, Baltimore 2; Oakland 3, Detroit 1; Minnesota 3, Cleveland 2; Kansas City 3, New York 2.
National League
Chicago 4, San Francisco 2; Cincinnati 3, Philadelphia 1; Houston 7, New York 3; Atlanta 8, Montreal 3; Pittsburgh 3, Los Angeles 0; St. Louis 12, San Diego 4.

(Advertising Section)

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Square One

Miscalculations on Mideast Add Up to Near Zero for U.S.

By BERNARD GWERTZMAN

THE "fresh start" toward peace in the Middle East that President Reagan launched 10 months ago seemed last week to be at a dead end. Secretary of State George P. Shultz returned from the region acknowledging the failure of efforts to arrange simultaneous withdrawal of Israeli, Syrian and Palestinian Liberation Organization forces from Lebanon. And there has been virtually no progress in tackling the broad, complex Palestinian question that was at the heart of Mr. Reagan's Sept. 1 plan.

"I wish I could report that somehow we see a movement in the direction of simultaneous withdrawal, but I can't give any such report," Mr. Shultz said wearily.

Added a Shultz aide, "I'm not sure where we go from here."

The Middle East was the one foreign policy area where the Administration hoped for tangible results and accordingly, Mr. Reagan and Mr. Shultz have devoted more time to it than any other. American mediation did produce a Lebanese-Israeli withdrawal agreement in May, but even that accord seemed lifeless in light of Syria's repeated rejections.

Washington had hoped last summer to take advantage of Israel's humiliation of the Palestine Liberation Organization and Syrian forces in Lebanon in order to revive the peace process and restore Lebanese control of the country. For eight years, Syria and the P.L.O. had dominated Lebanon, except for the southern strip patrolled by Israel's agent, Maj. Saad Haddad.

The United States assumed that Israel, having achieved a major military victory, would agree to withdraw quickly in return for security arrangements in southern Lebanon, and that the Arabs would pressure Syria and the remaining P.L.O. forces to do the same. A year ago, special envoy Philip C. Habib, was optimisti-

cally predicting that all forces would be out of Lebanon by Dec. 31.

As for Mr. Reagan's Palestinian plan, even after Prime Minister Menachem Begin rejected it, Washington believed King Hussein of Jordan would find it so attractive he would agree to enter the stalemate talks concerning the West Bank, a region controlled by Jordan until it was seized by Israel in 1967. The P.L.O., its prestige severely damaged by its forced evacuation from Beirut, was presumed to be incapable of vetoing the King's participation.

A Cautious King

Every one of these calculations proved wrong. The Israelis prolonged the negotiations for months, demanding Lebanon agree to not only a security arrangement but political normalization too (which would justify the deaths of 450 Israelis in the war). In the end, the Lebanese reluctantly gave in to many demands, but the delay proved fatal. While Israeli, Lebanese and American negotiators thrashed the fall and winter, Syria received heavy infusions of Soviet military aid, refurbishing its forces and stiffening its resolve. By the time Mr. Shultz arrived in May and ended the Israeli-Lebanese haggling, the Syrians no longer could be pressured into withdrawing. Digging into its stock of hyperbole, Damascus radio last week referred to the United States as "the permanent enemy."

King Hussein, meanwhile, again demonstrated why he is a survivor and not an innovator. The United States Embassy in Amman predicted—wrongly—that the King would agree to join the West Bank negotiations. But he continually tested the waters in search of an Arab consensus that would support his entry into the talks. Lacking a P.L.O. or Arab League endorsement, he lost heart and bowed out. Again the United States had miscalculated. Thus what could have been an impressive American diplomatic achievement turned out

to be a win for the Soviet Union, which was coaching the Syrians and the P.L.O. from behind the scenes.

Moreover, Washington's relations, even with its good friends, the Israelis, Egyptians, Jordanians, Lebanese and Saudi Arabians have become strained for one reason or another.

The Israelis were complaining that Washington was inept and should now allow them to pursue their own interests, since the Arabs were to blame for the breakdown in the withdrawal process. The Egyptians, Saudis, and Jordanians blamed the United States for not compelling Israel to make concessions.

Israel now seems ready to withdraw some of its troops from around Beirut, where there have been Israeli casualties, to a more defensible perimeter in the south. In the Bekaa, Israeli troops would still be face-to-face with Syrians. The opposition Labor Party favors full withdrawal but last week, a senior Israeli official said the troops would remain in Lebanon "for years." If the Syrians did not leave, the Lebanese Government feared the Israelis would become entrenched in new lines and that neither the Israelis nor the Syrians would agree to leave. Washington worried that if Israel started the redeployment, Beirut might renege on the withdrawal agreement, which has strained Lebanese relations with other Arab countries.

Beyond the immediate and grim prospects in Lebanon, senior officials were unsure of how to proceed on the long-range issues. "The conditions may not be ripe for a new initiative," one official said, diplomatically admitting to being perplexed. "But the United States cannot wash its hands of Middle East problems. We have to be constantly showing that we care." Mr. Shultz was not ready to throw in the towel, but he told reporters accompanying him that he had no specific new ideas to put forth.



President Hafez al-Assad (left) and Secretary of State George P. Shultz.

When the Secretary reported to the President on his fears that Lebanon may be disheartened by the lack of progress, Mr. Reagan stressed his "renewed commitment to move forward promptly on both Lebanon and the broader process" and pledged "there would be no reverse gear."

Harold H. Saunders, for many years the State Department's top Middle East expert, said in an interview that if President Reagan wants to remain active in the Middle East — "and that's a big 'if'" — he would recommend that Mr. Shultz undertake an immediate major review so that Mr. Reagan could make another speech on Sept. 1.

The speech would cover the year's efforts and make known the United States' further plans. Mr. Saunders urged the President to maintain pressure on Israel to stop new settlements in the West Bank and to agree to complete withdrawals from all occupied lands in return for security and peace. Mr. Reagan could also hint at moving toward support of Palestinian self-determination, but without endorsing these code words for an independent Palestinian state.

Some experts have advocated bringing the Soviet Union into the talks, to revive the intermittent dialogue that began after the 1967 Middle East war. But William Quandt, another former Government expert, believes overall Soviet-American relations are so poor that the two countries would simply end up arguing and would thus increase tensions in the region. Moreover, it is assumed in Washington that despite Syria's ties to Moscow, President Hafez al-Assad makes his own decisions and is not a Moscow puppet.

With Lebanese President Amin Gemayel and Mr. Begin expected in Washington later this month on separate visits, the Administration will be focusing for a time on the Israeli redeployment controversy. But eventually Mr. Shultz and his advisers will have to return to the unsolved basic issues.



Major News

In Summary

Kohl Sticks to His Guns — and Plans For New Missiles

Moscow sounded its usual warnings against German "revanchism" last week as Helmut Kohl arrived to defend plans to deploy new American missiles in Europe. But the West German Chancellor surprised the Kremlin by unashamedly asserting German national aspirations in terms rarely heard in Moscow but calculated to win support back home.

Describing an exchange with the Soviet leader, Yuri V. Andropov, Mr. Kohl said, "I asked him, what would you say as a Soviet patriot, as a Russian patriot, if Moscow was divided, if the Soviet Union was divided?" And when a Pravda correspondent suggested Germany had started both World Wars, Mr. Kohl said World War II, yes, but that in 1914 the Germans were not the only guilty party.

Soviet polemics invoke German "revanchism" to stir fears of a renewed Reich. Deploying American cruise missiles and Pershing 2's, Soviet Prime Minister Nikolai A. Tikhonov said, "would mean that for the first time in postwar history, a military threat again stems from the German soil to the Soviet people." But a Kohl aide said Soviet leaders had left "a margin of flexibility" that could still produce an agreement in the Geneva talks; Mr. Andropov suggested shortening the summer recess to extend the negotiating time. Mr. Kohl reiterated the American missiles would be deployed unless agree-

ment was reached in Geneva on removing Russia's new SS-20's. But the two countries apparently were not letting missile differences derail economic and cultural ties.

The Andropov-Kohl meeting was delayed, reviving reports that the 69-year-old Soviet leader may be suffering kidney and other ailments. When they did meet, Mr. Andropov appeared to be having trouble moving his left hand, but Mr. Kohl said "he spoke to the point" and was "familiar with all the details." One topic — an Andropov meeting with President Reagan — was desirable, both sides said, but only after careful preparation. Bonn and Moscow also hailed a possible break in the long deadlock in Madrid at the East-West conference on security and cooperation in Europe. Yesterday Washington called home its Madrid negotiator to weigh whether to accept the compromise.

Scrambling for The High Ground

"There is a real effort not to muck up the investigation with White House fingerprints," an Administration official said last week, explaining why President Reagan kept his distance from the mounting controversy over the purloined Carter campaign papers. But by Friday, Mr. Reagan told senior aides that he wanted "to get to the bottom" of the affair, initially shrugged off by the White House as a little midsummer media madness and now the focus of separate inquiries by the Federal Bu-

reau of Investigation and a Congressional subcommittee.

Given growing Republican concerns about the effects on the 1984 election of (1) a prolonged investigation and (2) the bitter factional warfare being waged within Mr. Reagan's staff, it seemed likely the President would soon have to get much more directly involved in the tangle of questions over how during the 1980 campaign his closest advisers obtained political plans and other documents, some of them perhaps classified, from the Carter White House, and whether Mr. Reagan himself knew about them. Yesterday, Carter campaign documents were reported to have been found in Reagan campaign archives at Stanford University, in a file marked "Ed Meese." Edwin Meese 3d, now White House counselor, was the Reagan campaign's chief of staff.

In an extraordinary scramble for high ground, some present and former Reagan Administration figures were leaving heavy footprints every-

where. William J. Casey, the Director of Central Intelligence who had been chairman of the President's 1980 campaign, denied having passed along to Mr. Reagan's second a folder of Carter debate strategy material — the recollections of James A. Baker 3d, now White House chief of staff, notwithstanding. "After being involved in seven Presidential campaigns, I know that's dynamite," Mr. Casey said. "I wouldn't tolerate it. I wouldn't touch it with a 10-foot pole." It was widely believed that Mr. Casey was, as one Republican official said, issuing "an indirect call for the President to fire Baker."

Richard V. Allen, a former campaign assistant and the President's national security adviser until he resigned in early 1982, reportedly identified Jerry D. Jennings, who was a member of the Carter National Security Council staff and is now executive secretary of the White House Office of Science and Technology Policy, as the source of a batch of unsolicited, "innocuous" documents. Im-

mediately, questions arose. Was Mr. Allen doing his duty or settling an old score? It was Mr. Jennings, who denied swiping any papers, who in 1981 found an envelope of cash in Mr. Allen's office safe. The discovery of the money, which was said to have been a \$1,000 tip left behind by visiting Japanese journalists, and which Mr. Allen said he had forgotten, led to his resignation. Yesterday, Mr. Allen joined the growing ranks of those who now say they knew at the time that the Reagan campaign had Carter documents, but unlike most others, he said he reacted with "revulsion."

Equalize Pension Pay, Court Rules

The Supreme Court was in its usual race to finish up last week. When the dust settled, the Justices had issued 10 decisions for a total of 43 in the final two-and-a-half weeks of its 1982-83 session — almost one-third of their full caseload. Several major decisions were held over to next term, which begins Oct. 3, including a ruling on whether the use of home video recorders violates Federal copyright law. The deferred judgment surprised many, since the Court heard arguments in January; presumably, a majority had not coalesced.

Several clear majorities emerged this term — for women's right to have an abortion, against tax exemptions for racially discriminatory schools and against the legislative veto. It ended with a number of close calls. Among them:

• A 5-to-4 decision that employer-sponsored retirement plans cannot give men and women unequal benefits. Nearly all annuities pay monthly benefits to women on the theory that as a group, women live longer than men and, over their lifetimes, collect an equal amount. But Associate Justice Thurgood Marshall said, "Even a true generalization

about a class cannot justify class-based treatment" under Federal civil rights law, which bars sex discrimination in employment. Four Justices joined him. A different 5-to-4 majority said the decision applied only to contributions and benefits made after Aug. 1, since rightsing past inequities might cost too much.

The ruling, on a suit brought by Nathalie Norris, a supervisor in Arizona State's Department of Economic Security, the Job Service division, applies to millions of public employees and employees of nonprofit institutions. (Congress is considering banning sex distinctions in all insurance plans.) It does not necessarily mean more money for women, but equal benefits for all.

• The Court used the case of a convicted murderer, Thomas A. Barefoot, to determine "standards for granting or denying" any prisoner a stay of execution while an appeal is pending. Voting 5 to 4 that a Federal appeals court properly refused Mr. Barefoot a stay, the Court issued guidelines that could expedite Federal appeals for prisoners who have exhausted the state appellate process. Federal appellate courts must "decide the merits of an appeal" and grant a stay if they need more time, the Court said. But with "appropriate notice" they can hear arguments for a stay and arguments on the appeal in one sitting. That's what happened in Mr. Barefoot's case, though the appeals court did not formally note this. To say there was no full hearing, wrote Associate Justice Byron R. White, would be "an unwarranted exaltation of form over substance."

As to that substance, the Court regrouped and, dividing 5 to 3, rejected Mr. Barefoot's challenge to the prosecution's use of psychiatric testimony that he would endanger society if not executed. The American Psychiatric Association has condemned such testimony; doctors agree it is impossible to predict dangerousness.

Tensions rise in Honduras as bastion of U.S. policies

2

Protectionism, politics and free trade: a roundtable

4

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The World

Old Hatreds Flare As P.L.O. Feud Defies Mediation

The will to kill remained strong last week in the Middle East. Would-be assassins in Beirut set off a car bomb that missed Prime Minister Shafik al-Wazzan, on his way to work, by seconds. And in the occupied West Bank, Palestinian assailants grabbed an Israeli student's machine gun and stabbed him to death as he stood in Hebron's open-air market.

Israeli military authorities accused Hebron's acting mayor of encouraging terrorism, dismissed him and cordoned off the city center but 100 Jewish settlers, defying a military curfew, burned vegetable stands and smashed shop windows. When Defense Minister Moshe Arens visited the scene, settlers, who blamed the killing on his policy of relaxing controls, cried "murderer." Next day in Jerusalem, troops fired in the air to disperse 200 stone-throwing Arab youths shouting support for Yasser Arafat, the Palestine Liberation Organization leader.

The violence died down in Lebanon's Bekaa district where warring Palestinian factions alternately observed and violated a cease-fire. Mediators shuttled between Tunis, where Mr. Arafat rejected demands to share power with Palestinian rebels, and Damascus, which backs the rebellion. The P.L.O. leader ac-

cepted appointment of committees to audit spending and check on whether the organization's decisions are properly executed. Even more to the point, Mr. Arafat planned a trip to Moscow, hoping the Soviet Union would put pressure on the Syrians.

A Medal for The General

Gen. Wojciech Jaruzelski could breathe easier last week. With Pope John Paul II back in Rome came a pat on the back for the Polish leader from the Kremlin — the Order of Lenin, the highest Soviet award.

The honor is an almost routine birthday present for Communist leaders. General Jaruzelski, who was 60 last week, might have had extra cause to worry about his relations with Moscow if no decoration had been forthcoming. The Kremlin had watched the Pope's visit closely, perhaps nervously, and was presumably satisfied with the way the general handled it.

But the authorities still had to contend with Lech Walesa and the spirit — and maybe some substance — of the outlawed union Solidarity. Mr. Walesa defied a threat of dismissal from his job as an electrician at the Gdansk shipyards and went off on a two-week vacation. The Government wanted him out of the way in August, the third anniversary of the agreement in Gdansk that officially recog-

nized Solidarity as an independent movement. Last August, there were demonstrations and clashes in more than 50 cities and towns. In a meeting with Communist youth in Gdansk last weekend, attended by General Jaruzelski and party heavyweights, Deputy Prime Minister Mieczyslaw Rakowski acknowledged that the party faced a tough uphill battle to win over young minds. More than half of Poland's 36 million people are under the age of 30.

At a lakeside resort, Mr. Walesa said Solidarity leaders were completing "an effective program" of action and said, "we will never leave the road we are on now, me and people like me." He thus seemed to exclude a rumored deal between the Pope and General Jaruzelski for his withdrawal from public life in return for a total lifting of martial law.

Far from relaxing restrictions, au-

thorities cracked down on writers, artists and other intellectuals, most of whom are Solidarity sympathizers. The party newspaper, Trybuna Ludu, devoted two long articles to attacking virtually every living Polish writer.

But Walesa's shipyard handled his unauthorized absence gingerly, calling him "a good worker" and saying it was in no hurry to take action against him.

Agca Names His Handlers

For about a year, Italian investigators have been quoting Mehmet Ali Agca as saying he received orders to shoot Pope John Paul II from the Soviet secret police — the K.G.B. — and Bulgarian accomplices. Last

week, Mr. Agca said it in public for the first time.

In a surprise encounter with reporters, he said he had been "trained by special experts in international terrorism" in Bulgaria and Syria. "I have said the attempt against the Pope was made by Bulgarian services," Mr. Agca called out as he was being led from a hearing on the kidnapping of a Vatican employee's daughter. "And the K.G.B.?" a reporter shouted. "Yes, the K.G.B.," said Mr. Agca. Sergei Ivanov Antonov, the Bulgarian airline official arrested in Rome "as my accomplice," and so were two Bulgarian Embassy employees.

A friend of the missing girl had received a telephone call from a man claiming to be her abductor who demanded Mr. Agca's release. The Turkish terrorist, who is serving a life prison term for the May 1981

shooting in St. Peter's Square in which the Pope was seriously wounded, denied any knowledge of the girl's abduction.

The Soviet news agency, Tass, said Mr. Agca's statements were "nothing more than absurd insinuations" intended to divert attention from "the true organizers and inspirers of acts of terrorism who are closely linked with neo-Fascist circles and the American C.I.A." Lawyers for Mr. Antonov said Mr. Agca's statements were false. They expressed surprise that a man in his position would be permitted to speak freely to reporters. A police duty officer said the decision to let Mr. Agca talk was "delicate" and suggested it was likely to have been made at a high level.

Milt Freedenthal and Henry Golger.



United Press International
Col. Muammar el-Qaddafi (left) with King Hassan II in Rabat, Morocco.

Qaddafi Looks for New Friends Among Old Enemies

NAIROBI, KENYA

A few months ago, Col. Muammar el-Qaddafi celebrated the 13th anniversary of Libya's revolution with a harsh attack on Arab conservatives. But in recent weeks, the Libyan leader has lived up to his reputation for unpredictability by meeting with Saudi Arabia's King Fahd, Jordan's King Hussein, whom he has described as "worthless," and Morocco's King Hassan II, whom he has called "cowardly."

A clue to the Libyan's about-face lies partly in the timing of his recent travels. He embarked on his swing through conservative Arab capitals last month within hours of suffering a double rebuff in Addis Ababa at the hands of the Organization of African Unity. Not only was he denied its chairmanship, but the groups he backs in conflicts in Chad and Western Sahara were barred from the

summit meeting. That left the colonel angry, vengeful, and probably more isolated than ever.

Patching up old quarrels in the Arab world was one of the few alternatives the Libyan leader had left. His visits to Saudi Arabia and Jordan as well as to Syria and Yemen (where he tried and failed to meet with Palestinian leader Yasser Arafat) seemed designed to rehabilitate his standing among Arabs and to boost his prominence in the struggle against Israel, this time through dialogue rather than confrontation. However, Mr. Arafat has accused the colonel of giving support to rebellious factions within the Palestine Liberation Organization.

The recent visit to Morocco, his first in 14 years, was tinged with an acknowledgment of defeat. In Addis Ababa, a peace formula had been drawn up for the Sahara that, in effect, gave Morocco and Algeria the

prime roles in settling the 16-year dispute. Colonel Qaddafi, a long-time backer of the Polisario guerrillas fighting Rabat's control, had been squeezed out and he admitted as much. Libya's task in the former Spanish territory, he said, was over and there was no further problem in his relations with King Hassan.

But not all his recent maneuvers have produced harmony. The Libyan leader is clearly supporting a new rebel push on N'djamena, the capital of Chad, a southern neighbor that has long figured in his plans for a Greater Libya. Recent kidnappings in southern Sudan indicate that Libyan-trained insurgents are stepping up their activity there too. And, according to Western sources in Addis Ababa, Libyan-backed insurgents are still occupying pockets of Somalia after last year's small-scale invasion.

—ALAN COWELL



Soldiers from El Salvador attending map-reading course taught by United States Special Forces in Puerto Castilla, Honduras.

The New York Times/Peter R. McCormick

Tensions Rise In Honduras As Bastion of Washington

By BARBARA CROSSETTE

TEGUCIGALPA, Honduras — "We have lost our national honor. What else will we lose in this?" asked a Honduran opposition politician as the first contingent of an expected 2,400 Salvadoran soldiers arrived to be trained at the new American-built camp on the Caribbean coast.

Honduras, which ranks just behind Haiti as the hemisphere's second poorest country, would seem to have little left to lose. With much of its territory undeveloped and almost half its people illiterate, undernourished and without even a modicum of public services, Honduras has been the Central American backwater. Until recently it was not high on anyone's priority list.

But now the United States, with the Honduran Government marching in step behind the armed forces commander, Gen. Gustavo Alvarez Martinez, is building Honduras into its bastion against Communism and leftist subversion. Many Hondurans are instinctively frightened. For all its problems, Honduras has been a peaceful land, spared some of the worst excesses of the Spanish colonial legacy. Strong landowners backed by paramilitary forces did not run the country here as in El Salvador. There have been caudillos, but Honduran history has been relatively free of terror, death squads and disappearances. Labor unions flourish and freedom of expression prevails.

Although Honduras's poverty and underdevelopment would seem, as one European diplomat said, to offer all the conditions for leftist insurgency (a point Cuban radio makes daily), guerrilla movements have not done well. This may be because of the relative political freedom, American officials suggest, and also because Honduras wouldn't be much of a prize, in contrast to more prosperous Guatemala and El Salvador.

Some Hondurans are beginning to wonder if this tranquil state of affairs can continue. They look south toward Nicaragua and see a battlefield, with Honduran villagers forced to flee as the Nicaraguan army shows an increasing determination to pursue United States-backed anti-Sandinista rebels into Honduras. The deaths of two American journalists alerted the outside world to a reality already known to many displaced, wounded and grieving Hondurans.

Both Nicaragua, despite its bombast, and Honduras,

despite its see-no-evil attitude toward the anti-Sandinistas, are trying to avoid a direct clash, but the potential for tragedy exists. General Alvarez and Foreign Minister Edgardo Paz Barrios almost daily decry what they portray as Sandinista-Marxist warmongering. Mr. Paz, touring Western Europe last week, portrayed Nicaragua as "the most bellicose" country in Central America.

Looking north, Hondurans see the blossoming Regional Military Training Center, universally known as The Base. When the facility built under the supervision of Green Berets, opened late last month, journalists were invited to photograph Honduran students. But the eyes of Hondurans were on the Salvadorans, their traditional enemies, who will be taught counterinsurgency on Honduran soil. "And after they defeat the guerrillas — if they defeat the guerrillas — where will that Salvadoran Army turn next?" asked a writer whose views are generally considered left of center. One Honduran columnist compared the Salvadorans to the wolf masquerading as Little Red Riding Hood's grandmother. (Honduran sensibilities were upset further last week when the Salvadoran Constituent Assembly claimed sovereignty over the whole Gulf of Fonseca, where Honduras and Nicaragua also have claims.)

Easy Targets

More important, Hondurans say, is what the regional training center could become. The Government describes it as a facility available to all "friendly nations." But will it become a new School of Americas — the United States military training center in Panama? An opposition politician said members of the Honduran National Congress were told that an annex to the accord establishing the center had allowed for this eventuality. But the United States Embassy said no; the Panama center would continue under a renewed agreement.

The activities of the anti-Sandinistas and the mushrooming of the American military base provide easy targets for Central American leftists. These issues also have provoked increasing opposition in Honduras to the Government of President Roberto Somoza Cordova. And as opposition rises, some politicians and human rights activists say, so does the specter of Government repression in the name of anti-subversion. One writer suggested that people are already "not saying what they think."

The pressures are rising at a time when Honduras, which returned only last year to civilian rule under a new Constitution and democratic guarantees, is severely threatened economically. World prices for its main exports, coffee and bananas, have fallen and 10 days ago, International Monetary Fund experts called for still more cuts in public spending — in a country acutely short of roads, schools, hospitals and clean water. The strong Honduran business community is desperately seeking foreign private investment and, as Miguel Facussé, a leading Honduran industrialist, said on a recent visit to New York, is "begging the American banks not to desert us." Meanwhile, tales of corruption attend what little money there is to develop this potentially prosperous country.

And so the tragic dance begins, with a restless left and a suspicious right locked in a tentative but potentially lethal two-step of fear and counter-fear. When the music stops — or somebody blows up the band — each side may have fulfilled the other's worst prophecies.

Latest Bid for Loan Extension Was Rejected

Third World Gets Impatient In Its Long Wait for Recovery

By PAUL LEWIS

PARIS — Western industrialized nations are heaving to a tough line on the third world's \$900 billion debt crisis despite warnings of danger to global economic recovery and potential harm to relations between rich and poor countries.

Difficulties in stretching out Brazil's \$90 billion debt, largest in the developing world, preoccupied treasury officials and central bankers last week as the Organization for Economic Cooperation and Development met to consider balance of payments issues. The International Monetary Fund has held up credits for Brazil on grounds that agreed conditions have not been met.

Third world countries again requested special help last month at the United Nations Conference on Trade and Development in Belgrade, stressing the damage inflicted by oil price inflation. New debt relief measures and more financial assistance, they argued, would enable them to maintain imports, continue development projects and strengthen the world economy. But Western officials told them to stop worrying. As the industrialized economies gather strength this year, the rich countries argued, the third world would share in the benefits. And if world trade arteries were kept free from protectionist obstructions, developing countries' earnings would rise, enabling them to repay old debts and contract new ones — without costly cash injections or special relief measures.

"Large, growing, open markets are the main hope of the developing countries for dealing with their debt burdens and growth problems," Under Secretary of State Kenneth W. Dam assured them.

Not all Western countries accepted this hard-nosed approach. Canada, France, Holland and the Scandinavians showed greater sympathy for third world complaints and seemed less confident that the emerging United States recovery would solve them. But the northern industrialized countries were negotiating as a bloc and the Americans, supported by the conservative British and West German Governments, called the tune.

The Western analysis seemed problematical, how-

ever, on several counts. There was no certainty the emerging recovery would prove sufficiently strong and durable to provide the promised gains for the third world, especially while American interest rates remained high and protectionist pressures strong. Wall Street last week registered fears that interest rates would turn up again and the Reagan Administration, despite the Williamsburg summit pledge to halt protectionism, slapped new restrictions on specialty steel imports that would hurt Brazil and several other developing countries along with Western Europe and Japan.

Many economists believe the prosperity of developed and developing countries depends crucially on the third world earning its way out of debt and continuing to attract new loans to finance imports, which in turn underpin the industrial world's recovery. If the revival proves disappointing, resentment in the developing nations may be the greater for the rejection at Belgrade. "There is a growing incentive for one-sided action now," warned Sheila Page of Britain's Overseas Development Institute.

An OPEC for Debtors?

Still, the third world has been unable in recent years to influence the lenders' policies on debt and development questions significantly. Third world debt is highly concentrated, with Latin America and Poland accounting for about half the total. When these countries have got into repayment difficulties, they have always come to terms with their creditors, accepting belt-tightening measures under International Monetary Fund control, in return for temporary repayment relief.

Most of them are fast-growing economies, running big external deficits and well on the way to becoming fully industrialized. Credit-worthiness is vital because they need to borrow still more in order to pursue their economic development.

But in all these countries, there have been demands to declare outright default, to introduce a long debt-servicing moratorium or to form what Brazilian economist Celso Furtado calls a "debtors' OPEC" — a combine to negotiate easier terms. Such ideas were rejected for fear of provoking a general credit cutoff that could send their

imports plummeting and bring a drastic fall in living standards. Earlier this year, when Chile refused responsibility for its privately contracted foreign debt, creditor banks forced the Government to change its mind in two days by threatening to cut off financing for trade. And Mexico's Finance Minister Jesus Silva Herzog warned of "a drastic interruption of our financial and commercial relations with the outside world and a huge fall in living standards" if a default was tried.

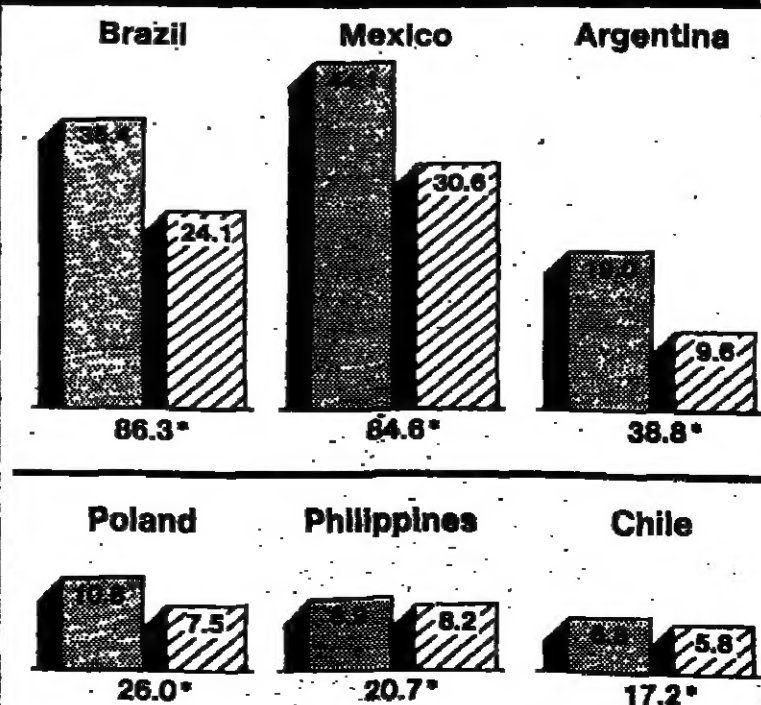
But the Belgrade conference may prove to be a watershed in the third world's attitude toward debt, just as it has been in the West's. If the promised recovery falters or if shell-shocked Western bankers balk at increasing their third world debt exposure, the developing countries could lose their incentive to continue cooperating with creditors. Many developing countries are already united by a common anger with the West, which they blame for low growth, rising protectionism, high interest rates and turbulent currency markets that characterize the world economy. As Indian Prime Minister Indira Gandhi said, "the crisis of the developed is transmitted to the developing, the ill wind from the North creating uncontrollable eddies in the South."

At one point, African delegates suggested postponing the windup at Belgrade for 18 months and suspending debt repayments — to see whether the promised recovery will turn out as advertised. This time, at least, more moderate heads prevailed and the African proposal was sidetracked.

Largest borrowers, large problems

(in billions of U.S. dollars)

Total debt service owed, 1982 Gross export income, 1982



*gross outstanding debt at end of 1982.

Source: Morgan Guaranty Trust Co.

High Defense Costs, Consumer Debt and 140 Percent Inflation Are Chronic Worries

By DAVID K. SHIPER

JERUSALEM — An Israeli walked into his bank in Tel Aviv recently, wrote a check for "Cash" for the equivalent of several hundred dollars, handed it over the counter and waited. The teller consulted a computer printout and found that the customer had overdrawn his account by about 120,000 shekels (\$2,533), more than double the amount of his credit line. But instead of reprimanding him or turning him away, she smiled, told him cheerfully about his debt and then cashed his check.

Some Israelis are beginning to realize that they and their country are functioning on economic illusions and handouts. The checking account overdraft, on which banks happily charge from 94 percent to 151 percent interest, has become a national institution, as essential as electricity to a burgeoning consumer society. Governmental and private grants and loans from the United States have grown to occupy an indispensable place in the country's welfare. Budgeted American aid alone amounts this year to \$250 for every man, woman and child in Israel, and the United States Treasury subsidizes additional millions by granting tax-deductible status to private donations from Americans. In the last year, the United Jewish Appeal funneled \$275 million to Israel, and other gifts came indirectly to specific institutions here, such as universities and community centers.

Considerable concern among Israeli economists and some foreign institutions has been caused by the combination of Israel's utter dependence on outside help, the consumers' free-wheeling spending on credit, the growing national debt, the low labor productivity, the worsening balance of payments deficit and the triple-digit inflation now running at 140 percent a year.

In a confidential staff report in May, the International Monetary Fund prescribed some bitter pills and predicted further hardships. It urged cuts in Government spending, a decrease in domestic consumption and a more rapid depreciation of the shekel against the dollar and other major currencies to make exports cheaper and imports more expensive. But the I.M.F. also rejected rosy forecasts by Israeli officials

Israel's Staggering Economy Leans Harder on Washington

about the balance of payments and projected a widening external deficit on goods and services, from \$4.9 billion in 1982 to \$5.3 billion this year and over \$6 billion by 1985. Israel has enough cash reserves for only three months of imports, the report said.

On June 25, the General Accounting Office in Washington issued an analysis showing the economic aid Israel receives is now used almost entirely to pay off its debts to the United States; therefore, the report noted, future Israeli governments can be expected to press Washington to raise the aid as the debt grows. In 1983, according to the Bank of Israel, a total of \$1.15 billion must be paid, in principal and interest, to foreign governments. Debt service soaked up 32 percent of export earnings in 1982.

In the midst of such adversity, Finance Minister Yoram Aridor has retreated into near seclusion, emerging the week before last for his first television interview in a long time. He had been severely criticized in the Israeli

press for refusing to negotiate intensively with Israel's doctors during a semi-strike that began in early March and ended only in late June, after Prime Minister Menachem Begin stepped in and agreed to binding arbitration of the doctors' wage demands. The Prime Minister acted after physicians went on a hunger strike, weakening themselves and closing most of Israel's hospitals to all but urgent cases.

Cutting Spending Is Hard

Doctors' low wage scales in the socialized medical system — starting physicians make base pay of \$270 a month, rising to \$770 a month with 100 hours of overtime — are similar to other Government-employed professionals, such as lawyers and engineers. Mr. Aridor fears that a big increase for the doctors will precipitate a cascade of similar demands from other workers. He advocated trims in the budget, not new taxes, to pay for the wage boost.

Cutting Government spending is essential to curing the economy, according to Moshe Mandelbaum, governor of the Bank of Israel. "We have to decrease the intervention of the Government in the economy," he said in an interview. "There are heavy business taxes and taxes on labor. Sixty percent of the taxes are refunded to the people, in cash or subsidies. Our slogan is: 'Take less from the people and give less.'" He proposes simultaneous cuts in taxes, in some public services and in subsidies of food, fuel and transportation.

Cutting taxes is always popular, of course, but cutting Government expenditures is always politically distasteful. It was this enduring principle that got Mr. Aridor his job as Finance Minister so he could sweeten the pot just before the 1981 elections. He cut taxes on such ubiquitous luxury items as color television sets, and won votes for Mr. Begin's Likud bloc in the bargain. His predecessor, Yigal Hurwitz, had resigned, bringing about early elections, after his program to decrease subsidies and his conservative wage policies ran into trouble in the Cabinet.

Out of office, Mr. Hurwitz is relaxed and smiling these days. "The central problem," he says between cigar puffs, "is that we're spending more than we can allow ourselves to spend. The question is how you can cut expenditures, because in terms of revenue coming in, we have gotten as much as we can. We have very high taxes, and there is a lack of motivation to work because of very high taxes."

Indeed, Israel's labor productivity has remained "low and stagnant," according to the I.M.F. report, sending unit labor costs up by 28 percent since 1979 as wages have risen. This has reduced Israel's competitiveness in foreign markets, contributing — along with the general slump in the world economy — to a decline in exports.

Much of Israel's problem is derived from its military burden, about one-third of its \$24 billion budget. But while this creates an enormous debt, it also supports a thriving military industry that helps keep unemployment at a low 3 to 5 percent.

Government officials are unwilling to contemplate policies that could reduce domestic consumption and raise the unemployment rate. In other words, the good life is more important than the balance sheet.

Israel's economic minefield

Inflation

(Percent change in consumer prices from previous year)



Sources: Bank of Israel; Central Bureau of Statistics

Trade

(In billions of current U.S. dollars)



Source: Bank of Israel

Debt

(Debt service as a percent of exports of goods and services)



Sources: Bank of Israel; International Monetary Fund

Interview: Gen. Bernard W. Rogers

Lowering the Peril Point Of Nuclear War In Europe

GENERAL ROGERS, the former army chief of staff who became NATO's Supreme Commander in Europe in June, 1979, was interviewed recently at his headquarters in Casteau, Belgium, by John Vincur, Paris bureau chief of The New York Times. Excerpts from the discussion follow.

Question: General Rogers, you have been calling for NATO spending increases of 4 percent a year to finance the so-called Rogers plan — the aim being to modernize conventional forces and thus make it less likely that nuclear weapons would need to be used in the early stage of a conflict. Given the general reluctance to increase spending, what are the results of your campaign so far?

Answer: We have mortgaged our defense to the nuclear response. People are concerned about nuclear weapons; the question is whether they are prepared to spend additional money to improve the conventional deterrent. Within the force goals that NATO nations agree to every two years are included what's needed to improve conventional defense and deterrence. The applicable force goals today are those for 1983 to 1988.

Q: On the basis of the first year's budgets, they're not going to reach the goal. Is that correct?

A: That's correct. We estimate that in this first year only about 70 percent of the force goals, on the average, are being met. Some leaders feel that economic conditions preclude them from putting additional resources into defense at the expense of other programs. If we could convince the people of these countries that what we're talking about makes sense, they in turn could convince their parliaments that they are prepared to make these additional sacrifices.

U.S. Also Falling Short

Q: How are Americans supposed to react when they see that others are not willing to make those sacrifices?

A: The United States has a goal of 3.9 percent annual increase through 1988 and I'm not sure that it's going to meet it. It seems that the Congress is limiting the real increase of the U.S. budget to about 3 percent. But the United States, you see, has committed itself to defend allied interests wherever they are challenged around the globe.

If the United States increases its real defense expenditures only by 3 percent, it will not meet the 3.9 percent increase for NATO. So it will not only be the West European nations and Canada that won't be meeting their force goals, I must add quickly that the United States has one of the best records of meeting its goals. But the commitments it has made were reflected in President Reagan's request for a 10 percent real increase.

Q: Some people in France say that the Rogers plan is really a weakening of nuclear deterrence, a first step away from an American presence and strong American commitment to defend Europe with nuclear weapons.

A: The strategy of flexible response which I am responsible for implementing is different from the strategy that the French have, which would not call for increasing conventional deterrence and for raising the nuclear threshold as high as we should. Not that we'll ever get to the position where we won't eventually have to rely upon theater nuclear weapons to defend ourselves, but as a minimum we ought to be able to raise that threshold so we won't have to cross it as quickly as we must now.

What we are trying to do in Allied Command Europe is to provide for a conventional capacity by 1980 that has a reasonable prospect of frustrating a conventional attack by the other side.

If we get to that position, and are perceived as being in that position, I think we'll deter the Soviets from attacking because if they attack and we're successful in frustrating it, they have two options: one is to withdraw and the other is to be the first to escalate to the use of theater nuclear weapons. They're no more anxious to do that than we are because both sides are uncertain whether this



Gen. Bernard W. Rogers, NATO Supreme Commander in Europe, is seen here with West German troops participating in NATO maneuvers last year.

would lead to a further escalation to a strategic nuclear exchange.

Q: How do you evaluate the morale and willingness to fight of the forces that would come under your command in case of an emergency? In many of the big anti-missile demonstrations in Holland and Germany, we've often seen young men in uniform.

Deterrence and Negotiation

A: You know if they're demonstrating for peace, they're not alone. I think you'd find everyone of us in uniform would be demonstrating for peace. But we seek peace with freedom. The direction to go is to deter aggression and political and economic intimidation and to negotiate arms reduction and control accords in Geneva and Vienna.

To be successful we have to give the Soviets an incentive to negotiate seriously. Those well-meaning, well-motivated persons who are demonstrating for pacifism and for unilateral disarmament are in fact not providing incentives to the Soviets to negotiate seriously.

The young soldiers we have in Western Europe are good troops. What concerns me most is that we have failed to provide sufficient sustaining capacity — ammunition stocks, pre-positioned material to replace losses of equipment on the battlefield such as tanks and howitzers, to keep them fighting for a sufficient length of time. Under current conditions, if attacked conventionally we will have to request the release of theater nuclear weapons fairly quickly because of that lack of sustainability.

Q: Is there a danger of nuclear overarming?

A: Every year, I must send to the nuclear powers a

"People are concerned about nuclear weapons. Are they prepared to spend additional money to improve the conventional deterrent?"

study in which I project ahead three to 10 years to determine how many nuclear weapons, what type and in what location we need here to accomplish our mission of deterrence — or should deterrence fail, to defend ourselves appropriately if we had to resort to those weapons.

Two years from now, I intend to be in a position where I can say to my political masters, "I am not asking for a single more warhead than I absolutely need, and they should be located in these areas and they should be these types in order to accomplish our deterrent mission."

There are other actions being taken to determine the number of warheads. A high-level group is looking at it. They're the ones who made the decision on the 572 intermediate nuclear force weapon systems; they're now looking at the other shorter-range systems to try to determine modernization and replacement requirements as well as some principles against which numbers are judged.

So I don't think it's appropriate for people to say we can get rid of 50 percent of the nuclear warheads. You can ask, upon what rationale do you base that statement? Well there isn't any. It's just a gut feeling, you see.

That's not the way to determine the numbers of warheads we need here. I ought to be charged with that. That's my responsibility, because I'm going to have to fight the war under the guidance of any political authorities if my deterrence fails. But my mission is to have the absolute minimum number necessary to accomplish that deterrent mission. And frankly my instincts tell me that when I am in the position to tell my political masters what I said I would be able to, I will be at a lower level of nuclear weapons here in Western Europe than has been required in the past.

Q: The intermediate nuclear force program has political meaning in terms of the United States' ties with Europe. Is there a military reason for the 572 missiles?

A: The military reason for cruise missiles and Pershing 2's was that there was a gap developing in our spectrum of deterrents. We had the long-range theater nuclear force capability represented by the F-111 of the United States and the Vulcan aircraft of the United Kingdom. They could reach into Soviet Union territory with nuclear warheads aboard.

But the Vulcan was scheduled to go out of the inventory and every year that goes by, the air defense of the Soviet Union becomes stronger. So the high-level group representing the ministers of defense in the nuclear plan-

ning group decided that what we should do was to have ground-launched cruise missiles and Pershing 2's, and the number should be 572.

Q: Is there a contradiction in one aspect of the United States negotiating position? We say we want to reduce intermediate range forces to equal levels if we cannot eliminate them entirely. Why do we insist on low level equality but are willing to accept what might be called an imbalance if we go to 572?

Demonstrations Are Expected

A: The total of 572 would be adequate for deterrent purposes in my mind despite the fact that since we started the negotiations in November 1981, the Soviet Union has in fact deployed more than 572 on their soil. They have put, since the negotiations started, 101 launchers with each launcher having a capability to send up two missiles with a total of six warheads, so that's 606 warheads that they have deployed. And we're only planning on putting 572 (warheads) total on our soil. But I think that's an adequate number for the deterrent purposes when one recognizes that there would be other capabilities.

Q: Do you get the feeling that the so-called peace campaigns in countries like Britain and West Germany have probably peaked?

A: It depends upon the nation. The steps that were taken in Britain over the past six months have been successful in dampening that peace movement. At least, it became very clear that the vast majority of the British were still prepared to bear their share of the burden and the risk.

Now whether or not it will become stronger as December approaches, I'm not sure. But I would anticipate considerable numbers of demonstrations, particularly in Germany, Italy and England, where the missiles are scheduled to go in at present, and they will be augmented by demonstrations in other nations such as the Netherlands and perhaps Belgium.

Q: Politically, will they get in the way of deployment?

A: I don't believe they will. Because of the staunchness of the governments and despite all the demonstrations and all the disinformation by the Soviet Union, I still remain optimistic that come the end of December, we'll have those missile systems in place, providing we have not had a breakthrough in negotiations.

BROADWAY 80

I'm glad I changed.

WARNING — The Ministry of Health has determined that smoking is harmful to health

A Roundtable: Domestic Politics and the Global Economy

Protectionism and Free Trade — Rhetoric and Realities

Question

After the Williamsburg economic summit, Prime Minister Margaret Thatcher made an interesting comment. 'We all condemn protectionism,' she said, 'but every country practices a certain amount.' Why do we give lip service to free trade?

Sir Roy. No one would claim that either now or in the future there will be no obstacles of any kind. But the extent of protectionism can be considerably exaggerated. The record of the main trading countries, apart from Japan, is good. If we were to go down the road of managed trade, we'd very soon find ourselves back to the days of the Smoot-Hawley tariff of the 1930's.

Ambassador Brock. If you don't have the goal of free trade, granting that it does not exist in the real world, you will move in a regressive fashion. The world will collapse into ever tighter circles, with retaliation and all that can do for the creation of unemployment. And that would be national insanity.

Senator Bradley. Since the trading system was structured in the postwar period, we have new actors and issues. The question is whether we can protect a liberalized system while recognizing that domestic pressures in all countries are working against it (and whether this will be managed according to accepted rules, with everybody subject to the same discipline. I must say I think the United States has been more committed to multilateral management than have many European countries.

Sir Roy. Well, one interesting example is the proportion of gross domestic product accounted for by imports of manufactured goods. In the Community it's 6 percent for 1982, for the United States it's 4.5 percent, for Japan 2.3 percent. That's a fairly good indication that the Community has got a pretty liberal trading record.

Q. What is the mood on Capitol Hill on protectionism legislation, such as the domestic content bill that would require a substantial portion of foreign automobiles sold in this country to consist of American-made parts?

Senator Bradley. The progress of legislation you've characterized as protectionist depends on the strength of the recovery and the degree to which we enforce existing law and to which we negotiate (with other countries).

I was disappointed that at the last GATT ministerial (meeting of countries participating in the General Agreement on Trade and Tariffs) there wasn't more emphasis on trade-distorting investment. That's what the local content laws are that exist in 30 countries.

Beyond that, look at where the growth in trade is going to come in the next 10 to 15 years. You need to begin to talk in a multilateral context about services, about high technology. If you had a forward-looking trade policy, the likelihood of Congress intervening would be less.

Ambassador Brock. Ronald Reagan is the first President in the last seven years to go to the international community and say we've got to deal with services, with nontangible trade and with investment. The trading system was set up to deal with tangible goods, and primarily through tariffs. (And) in services — insurance and shipping and consulting and engineering — there are no rules.

Q. What about Japan? Sir Roy. We take the clear and simple view that Japan has had enormous success in exporting, and attribute it to their hard work and their management capacity. But (their import policy) does create a dangerous imbalance. Now, we've had some progress in this recently. Prime Minister Yasuhiro Nakasone has enacted legislation which will simplify testing requirements (standards that foreign goods must meet to be imported). But the proof of the pudding is in the eating.

Senator Bradley. You know, one of the ways that we could begin to focus this issue is if we had a little better coordination within our own country. I don't mean the creation of a new trade department (such as the Administration has proposed). I mean international economics being escalated to a level even beyond the Cabinet, with maybe the creation of an economic security council in the White House. The issues would become much clearer to the American public. Then we wouldn't be responding in an ad hoc, bilateral way.

Ambassador Brock. I think that's worth attention. But, in fairness, the commitment of the leadership in Japan is sincere. The problem is social or cultural. One of the failings in Japan is shared here. We know when we've got political problems; what we don't understand when is somebody else does.



Bill Bradley

William E. Brock 3d

Sir Roy Denman

A textbook writer would be hard-pressed to find a clearer case of the problems and pressures of international trade circa 1983 than last week's White House decision to give American specialty steel producers four years of special protection.

On this side of the Atlantic, where unemployment in the steel industry is high, management and labor expressed "deep disappointment" that quotas had not been applied to more products to offset the edge of foreign producers through their governments' export subsidies. On the other side of the Atlantic, the executive commission of the European Economic Community expressed its "profound dissatisfaction" with what was

termed Mr. Reagan's break with free-trade principles and said they were going straight to Geneva to demand compensation. The White House defended the new tariffs by warning that without strict enforcement of current law Congress would pass even more protectionist statutes.

Senator Bill Bradley, Democrat of New Jersey, William E. Brock 3d, President Reagan's Trade Representative, and Sir Roy Denman, head of the Economic Community's delegation to Washington, talked recently about trade with Clyde Farnsworth, a reporter in the Washington bureau of The New York Times, and Caroline Rand Herron, an editor of The Week in Review. Excerpts follow.

Q Only eight or nine months ago there was a severe crisis in European-American relations over East-West trade and the transfer of technology to the Soviet Union — the matter of the gas pipeline. Where do we go from here?

Sir Roy. We are very concerned with the renewal of the Export Administration Act.

There are specific concerns in the draft of the (new) legislation. One is extraterritoriality — that is, the power of the United States to order European subsidiaries of American firms to cease trading or not to supply technology. If that is undertaken on national security grounds, then we think the answer is consultation: let's sit down together as friends and see how we can deal with the problem without our being told to.

If it's a question of foreign policy, we say, 'How would you like it if the Europeans were to say, "We disagree with your foreign policy towards Country X. Therefore we are instructing American firms which are subsidiaries of European firms not to take certain actions." ' Coming from a country that lost a lot of tea in Boston Harbor some time ago, I can guess the reaction.

Then there's provision for sanctity of contract where, if action is taken, there should be enough notice to deal with the problems involved in industrial trade. And then there is a power in the bill at the moment to prohibit imports from countries — or companies — which fall foul of this legislation. We have considerable doubts as to whether that is compatible with the international obligations of the United States under the GATT.

Ambassador Brock. Well, let's go to why the pipeline

crisis occurred. It wasn't because of a violation of law; it was because of a failure of communication. We have seen over the 1970's, for 10 or 11 years, the United States and Europe gradually inching apart in terms of their public approach to East-West trade. There was going to be an explosion, whether it related to a pipeline, a tank or a pair of nail clippers.

One of the nice things that happened as a result of this terrible brouhaha was that we started talking to each other again. We've had excellent conversations on control of sensitive materials, on export credits, and we are very close to reaching some fairly fundamental agreements. But the basic purpose has to be to act in concert because we can do more together than we can unilaterally — always, always. That's an inviolate rule.

One snipish comment though: I get a little weary of people in Europe talking about extraterritoriality, and the external application of United States law, when they are seriously considering in the European Community the Vredeling Proposal (that multinationals report their employment and long-range investment policies to the European Commission in advance, a proposal) which doesn't even justify itself on national security or foreign policy grounds but on the basis of social policy.

Sir Roy. We would think there's a vast difference between bringing employee-management relations into the end of the 20th century and improving the flow of information, and actually stopping people trading.

Senator Bradley. I might say that I think there are other areas in international economic policy where ideology has sometimes exacerbated an economic crisis. In particular, I have been disappointed by the Administration's refusal to intervene in exchange-rate markets.

The initial rejection of International Monetary Fund quotas in Toronto really heightened the tension that existed in the international economic world. After some reflection and seeing the degree of interrelatedness among the economies of the world, there was a pull-back from which I applaud.

Q How will debt and trade with the Third World be sorted out?

Ambassador Brock. It's going to take, perhaps more than anything else, political integrity. One of the classic examples of irrationality is to watch those who constantly profess concern about the Third World suggesting defensive protectionist actions.

Sir Roy. I don't think it's correct to argue that the problem of indebtedness can be solved by opening up the markets of the developed countries. We think our market in the Community is pretty well opened up already. The thing that matters is revival in demand.

Senator Bradley. There have been two conventional approaches. One is to say: run these Third World countries through an austerity period to bring out their rising expectations. That is a scenario for social and political unrest. The second approach says: what we need is a coordinated expansion. To believe that the United States alone is going to pull the world along is not appropriate.

I've tended to the second. But actually there's a third: to continue to push for coordinated economic recovery, to involve more international institutions and to try to get as much development assistance and nonbank financial support as possible, so that over time the less developed countries will have the prospect of recovery.

Ambassador Brock. Let's look at debt in the quantifiable sense. Not only do you have to pay principal, you have to pay interest. These interest rates have been unreal in part because the United States has been unable to get its deficits under control. You cannot separate these problems anymore. You can't separate protectionism, debt, exchange rates, monetary policy and fiscal policy.

Q. Let's focus for a moment on agricultural exports, and the subsidies that countries like Brazil provide for their chickens, as opposed to European export subsidies.

Sir Roy. The argument we have in agriculture is not about our being a protectionist bloc. The argument is about subsidized exports to third markets.

Subsidies are not a peculiar European phenomenon. We reckon that in 1982 \$30 billion was spent in Government support for agriculture in the Community and a roughly similar sum in the United States. Government money is Government money. In the last major round of trade negotiations, we (all) undertook not to use (it) to get more than an equitable share of the world market.

We are not going to tear down the rules of the GATT nor do we expect you to change your fundamental farm policy. We've agreed to start some discussions about how we interpret precisely the rules. The conversations were conducted in a friendly manner and there was a political will on both sides to try and avoid some kind of escalating trade war, which would be a great tragedy for us all.

Senator Bradley. I don't know if I understand everything that he has just said.

Ambassador Brock. I understand it and I don't like it. The European support (of farming) is provided both in-country and by the Community at large, first, for production, and, having produced more than they could possibly consume, then for export. Our (fair price support) programs are not for export. They are designed clearly and straightforwardly to reduce the surplus so that we are less a burden on the world market.

Now let's go to the specific problem that you raised: What does this imply for the Brazil's of the world, with \$80 billion debts? They, to compete in the Middle East, believe they've got to subsidize their chicken sales. So what's Europe telling us to do? You lend the Brazilians money, Americans, so we can subsidize their poultry to compete with our subsidies out of Europe and let Uncle Sam pay for everything. Now whether it's fair or not, that's the way we feel about it, and we're fed up.

Senator Bradley. Well, let me say that I think that I understand now. An elementary point (is) that one's commitment to working out these problems is in part determined by the degree of domestic political consensus.

I guess I need to (say) that we've discussed trade and international finance for about an hour, and we have yet to mention adjustment, which in my view is central to whether we're going to be able to accommodate a commitment to an open trading system. Twenty-five percent of our gross national product today comes from manufacturing; by the year 2000, it's still going to, but with 15 fewer million workers. We're going to have to start to figure out what happens with those workers. The main thing we can do is put the price tag on the table and (ask) who's going to bear those costs?

Woodrow Wilson said there are two kinds of politics. There's inside politics and there's outside politics. Inside is when politicians talk to each other. Outside is when an informed public creates an atmosphere in which a (real) debate can take place and tough decisions be made.

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A Growing Storm Over Interest Rates

By H. ERICH HEINEMANN

NEXT Thursday, when Paul A. Volcker rides up to Capitol Hill to testify on his nomination as chairman of the Federal Reserve, he might well ask himself how he got into such a predicament. If there was ever a time when the chairmanship of the Federal Reserve System was a thankless task, this is it.

Even before Congress formally approves him for the post, Mr. Volcker is caught smack in the middle of a politically explosive confrontation with the White House over interest rates — and more specifically over what the Fed should do about the discount rate, the interest it charges member banks for loans.

Several regional Federal Reserve banks have reportedly proposed that the discount rate be raised to 8 percent from 5.5 percent. In part, the move would simply reflect the recent rise of interest rates in the open market; but it would presumably also provide a signal of the Fed's determination to fight inflation by dampening the rapid money supply growth that has prevailed in recent months.

Proposals to lift the discount rate are frequently made by regional reserve banks, only to be rejected or deferred by the Federal Reserve Board in Washington, which has the final say. However, Larry Speakes, the Presidential spokesman, was not taking any chances last week. "We don't want the discount rate raised," he said flatly.

This episode has the basic elements of good political theater. But there are fundamental bread-and-butter issues in the confrontation that will surely confront Mr. Volcker on Capitol Hill next week. Will interest rates continue to increase? What effect will the jump in credit costs of a percentage point or more over the last two months have on the economy? Does the Fed intend to tighten up?

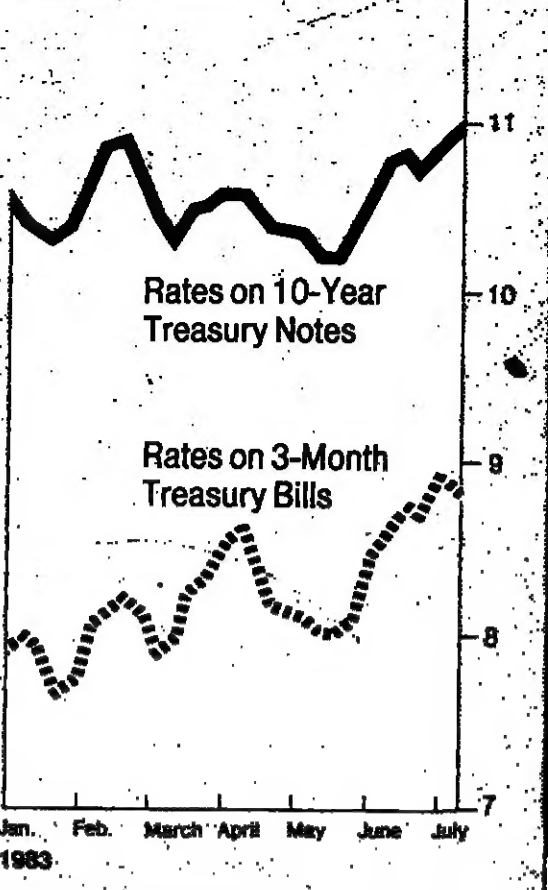
Worries over interest rates are common these days — and perhaps realistic. Higher interest rates, says Robert H. Parks, chief economist for the brokerage firm of Moore, Schley & Cameron, could well cause the recovery to "self-destruct" and produce another recession by next spring. This is a minority view at present, but economists generally seem to be agreed that if — contrary to expectations — the cost of credit should keep climbing as it has during the past two months, then the recovery could, indeed, be in trouble.

The monumental task before the Administration and the Federal Reserve is to keep the economy rolling, yet at the same time to keep the genie of inflation safely inside its bottle. Without doubt, the issue will stay in the headlines this summer. The Fed's Open Market Committee will be debating the central bank's role in meeting this challenge during a closed session Tuesday and Wednesday; Mr. Volcker will testify on his nomination Thursday and he will return to the Hill the next Wednesday to spell out Fed policy plans for the next 18 months, as required by the Humphrey-Hawkins Act.

The story behind the confrontation between the White House and the Fed began almost exactly a year ago. Then, faced with a stagnant domestic economy, unemployment moving toward a post-depression record and the risk that billions of dollars in debts owed by developing countries would go unpaid, the Fed began to pump money into the American economy.

Within a few weeks, the medicine started to take effect: Interest rates tumbled and the stock market surged. Both

How Far Will Rates Rise?



Now that the Reagan Administration — and many Congressional leaders, too — have made clear that they want to keep a lid on interest rates, Mr. Volcker may well come in for criticism no matter what he does. If he tries to slow the rapid rate of monetary growth and tighten policy, interest rates are likely to rise further. If he allows the money supply to keep surging, inflationary expectations will rise, which will also push rates up — possibly to even higher levels than the slower-money growth strategy.

Despite the political meddling with Federal Reserve policy — by an Administration nominally committed to preserving the central bank's traditional independence — the fact remains that the forces driving interest rates in recent weeks are acquiring a momentum of their own.

The year-long move to easy money along with a highly expansive fiscal policy have generated a strong economic recovery, and with it the beginning of an upturn in the overall demand for credit and rising inflationary expectations. If the Fed were to try to hold down interest rates in this environment, as J. Charles Paries, a Fed board member, put it in a classic statement several years ago, these efforts "would inevitably generate more rapid monetary expansion, thereby feeding new inflationary pressures."

Mr. Paries warned that "any serious effort" by the Federal Reserve to peg interest rates at a predetermined level would most likely produce results "quite perverse from the standpoint of economic stabilization." The Fed would end up supplying too much money to the economy during periods of expansion, he said, and too little during periods of contraction.

The Fed's job is complicated, too, by the chorus of politicians, economists and bankers, at home and abroad, demanding that the United States act now to lower, not raise, the cost of credit. For example, Representative James C. Wright Jr. of Texas, the Democratic leader in the House, has introduced legislation backed by more than 100 co-sponsors to require the Federal Reserve to establish targets for real, inflation-adjusted interest rates.

Overseas, French officials — among others — are telling anyone willing to listen that the United States has been using high interest rates to suck savings from the rest of the world in order to finance its swollen budget deficit. This emasculates investment and economic recovery in the industrial countries in Europe, the French charge, and compounds the difficulties of developing countries struggling to pay overdue debts.

Within the Federal Reserve itself, Mr. Volcker and his colleagues have been in a quandary over how to conduct monetary policy to achieve the goals of lower interest rates and noninflationary economic expansion that all agree are desirable. The Fed's three-year experiment with setting targets for growth in the money supply was largely abandoned last fall, but no new consensus has emerged on what should take its place.

Benjamin M. Friedman, professor of economics at Harvard, charges that the Fed's operating procedure between October 1979 and October 1982 led to a big increase in the volatility of interest rates, but without an improvement in

control of the money supply, "nor for that matter, any other apparent gain." Interest rates have been more stable this year than last, but at the cost of a steady acceleration in monetary growth.

Meanwhile, the Treasury's huge borrowing requirement — more than \$200 billion at a seasonally adjusted annual rate this summer — hangs like a cloud over the credit markets. "The most important and the most urgent task for policy is to exert downward pressure on U.S. interest rates," says Günther Schleiminger, general manager of the Bank for International Settlements, the central bank's central bank in Basel, Switzerland. This falls "fairly and squarely," he said, "on the shoulders of those in charge of fiscal policy."

Despite these concerns, the most common view is still that the rise in rates since early May is a temporary affair. According to Robert J. Eggert, an economic consultant based in Sedona, Ariz., who conducts regular monthly surveys of professional forecasters, "a relatively flat pattern in both short- and long-term interest rates continues to be the consensus forecast."

"Except for the prime rate," he continued, "the latest round-up even suggests a slight easing from the percentage-point advance in most rates during the past several weeks." The 41 participants in Mr. Eggert's survey expect that the prime rate, which is now 10.5 percent, will average 10.9 percent in the first quarter of next year, while other market rates will be essentially unchanged from late-May levels.

But Mr. Eggert cautioned that "there is an unusually wide range" in the individual forecasts that make up this view, "which in the past has tended to diminish the accuracy of the average."

There are no precise calculations of the flash point at which rising interest rates will begin to choke off economic activity, but economists are agreed that it is not far above present levels. Since last summer, interest rates in the United States have retreated only partly from the boom-crushing levels that were reached during the turbulent period from 1980 through 1982.

At their low points in May, yields on Government bonds, high-grade corporate obligations and Federally-insured home mortgages were all still in double digits — levels that would have been considered severely restrictive only a few years ago.

Plainly, credit costs are as critical to the economic outlook as they are to Mr. Volcker's political position in Washington. The business sectors that have played the largest role in the upturn this year — housing, autos and inventory investment — are all highly sensitive to actual and anticipated interest rates. This is also true of corporate investment in fixed plant and equipment, which sooner or later will have to come back on stream if the recovery is to be sustained.

Moreover, some analysts question whether there has been any decline at all in real, inflation-adjusted interest rates, a factor that may have the greatest influence of all on economic activity. Calculations by the Bank for International Settlements indicate that real bond yields averaged 7.5 percent in the United States during the first quarter of 1983, up from 6.5 percent in 1982, 3.2 percent in 1981 and a negative real return of 1.8 percent in 1980. Over the decade from 1983 through 1972, real bond yields in the United States averaged 2.7 percent.

Equally important, according to the B.I.S. data, real interest rates in this country appear to be significantly higher than comparable rates in other industrial nations. The high real return on dollar assets has attracted investment funds to the United States, which in turn has led to sustained overvaluation of the dollar in the foreign exchange markets and sustained weakness in exports of American products.

The 1983 annual report of the B.I.S., which generally reflects the views of the European financial establishment, was published last month. In effect it presented a menu of factors that the Administration and the Federal Reserve will have to deal with if the "unusually high" level of real interest rates in the United States is to be reduced. The report cited three factors in particular:

• An "inappropriate policy mix," which is economic jargon for the oversized Federal deficit.

• A growing weakness in corporate balance sheets, which has raised the "risk premium" in interest rates paid by corporate borrowers to compensate for possible credit defaults.

• A persistent doubt "whether a resurgence of inflation can be avoided."

"The Federal Reserve could no doubt push down short-term interest rates," said Mr. Schleiminger of the B.I.S., "but it is highly improbable it could keep them low." Simply accommodating the Treasury's borrowing needs, he said, would be "a sure recipe for a revival of inflationary expectations. . . . To create conditions for a lasting recovery, the burden of initiative lies on fiscal policy," including both lower expenditures and higher taxes.

If this analysis is correct, then Mr. Volcker's course is perilous. He is sure to be held accountable by the politicians for what happens to interest rates. But whether rates actually come down could depend as much on what happens in the White House and on Capitol Hill as at the Fed.

The Economy

Prospects

A Housing Plateau?

Fears are growing among economists that the boom in housing starts is topping out for both single-family and multi-unit dwellings.

In rental apartments, the vacancy rate climbed to 5.7 percent in the first quarter, the highest level since the third quarter of 1980. Lawrence Chimerine, chairman and chief economist at Chase Econometrics, estimates that the rate rose even further, to 5.9 percent, in the second quarter.

A high vacancy rate discourages construction of new multi-unit dwellings because it indicates that a glut is developing. Mr. Chimerine says he believes that the decline in demand for rentals reflects the growing tendency of young families — who often rent — to buy small, newly built "starter" homes. But he predicts that this market, too, has reached a plateau because most of the couples who can afford such homes have already bought them.

A glut is also developing in the market for new, single-family homes, says James W. Christian, chief economist of the United States League of Savings Institutions. Rising mortgage rates, he says, will further discourage sales of new homes, as will sharply rising prices.

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New Demands in Marketing

As the recovery picks up, the outlook is brightening for unemployed managers as well as for production-line workers. Headhunters say that demand seems to be growing most strongly for marketing executives.

"Companies are starting to build up inventories and now they want to sell them," says John P. Lynch, vice president of Paul R. Ray & Company, a New York-based executive search firm.

And in Chicago, a spokesman for Heidrick & Struggles said, "We certainly are seeing increased demand for executives and we think it will continue." Over the last few months, about 30 percent of the demand has been for general managers and about 24 percent for financial managers. But in recent weeks, demand has been rising for marketing executives, who now represent almost 20 percent of the headhunter's quarry.

Cut-Rate Coffee

Bumper crops and declining consumption have been exerting downward pressure on coffee prices, raising the possibility of a breakdown in the International Coffee Agreement under which major producing and consuming nations agree on a price range.

Coffee has been trading at about \$1.25 a pound in the New York commodities market, near the bottom of the \$1.20 to \$1.45 range established by the I.C.A. But commodity analysts say that some major producers have increasingly been breaking the agreement by quietly selling coffee to nonmembers at cut-rate prices. And some consuming nations, such as Hungary and Israel, have recently dropped out of the agreement so that they could buy coffee more cheaply. Dennis Koutras, a commodities analyst at Drexel Burnham Lambert, adds that some I.C.A. producers have been selling cut-rate coffee to nonmembers, who then resell it below the agreed prices to I.C.A. consuming nations.

"The market is on the defensive," Mr. Koutras says.

The New Look in Spaces

Open spaces may be out — at least in offices. Many companies and office-design consultants are turning away from work stations where partitions are built into the furniture and instead are choosing more traditional dry-wall construction — even individual offices.

"Many companies are going back to more conventional offices," says Lawrence Lerner, chairman of Environetics International Inc., an office design and space-planning concern. Even when they decide to retain the concept of low-barrier partitions, many are turning to dry-wall construction, which, says Mr. Lerner, is about 30 percent cheaper than so-called furniture systems.

Robert A. Bennett

They are rising again and the White House is worried. The Fed has no easy solution.

moves set the stage for the recovery in real activity now taking hold in the United States and other industrial economies, and helped to postpone at least temporarily a major crisis in overseas financial markets.

More recently, however, the easy money medicine has begun to produce some toxic side effects. Participants in the financial markets have become concerned about the risk of renewed inflation. And there is a threat of a continuing rebound in interest rates that could dampen the revival in economic activity on which Mr. Reagan is pinning his hopes for re-election.

Since early May, yields in the open market on Government and corporate obligations have risen by about a percentage point. More relevant to the average American, the rate on conventional fixed-rate home mortgages purchased by the Federal National Mortgage Association in its regular weekly auctions stood at 13.65 percent last Wednesday, up from 12.3 percent on May 11. According to Timothy Howard, vice president and chief economist at Fannie Mae, if these market rates do not recede soon it will only be a matter of time until there is a similar increase in posted mortgage rates actually paid by homebuyers.

WEEK IN BUSINESS

Wrapping Up The Bell Case

Judge Harold H. Greene, right, set the final conditions for his approval of the break-up of Ma Bell. If A.T. & T. and the Justice Department accept the modifications, it will set the stage for A.T. & T. to proceed with the final steps of its spin-off of 22 operating companies. Among the prerequisites for his approval is that the name "Bell" be used only by the operating units and not by A.T. & T. The development caused a little dismay to the company, which has invested some \$39 million in promoting its American Bell subsidiary. Yet a spokesman said he was "jubilant" about the ruling.



The expanding economy absorbed a record 1.2 million new job seekers in June, enabling the unemployment rate to fall one-tenth of a percentage point, to 10 percent, and Martin Feldstein, chairman of the President's Council of Economic Advisers, called it "a new milestone" in the recovery. Other smaller stones last week included auto sales that jumped 55.2 percent in the last 10 days of June, sales of major retailers like Sears and K Mart that were in strong double-digit figures, and a rise in orders and

jobs reported by the nation's purchasing agents. As for hindsight, the recession ended in November 1982, according to the National Bureau of Economic Research.

A Typewriter and a Tipster. A 48-year-old male typist apparently found a lucrative way of using material that came across his desk to make money in the stock market. The S.E.C. has charged that Manohar Lal Madan, while working for the takeover law firm of Wachtell Lipton Rosen & Katz, tipped friends and relatives to numerous possible takeover targets such as Pabst Brewing and Marshall Field, and that the group made some \$2.7 million in profits on those tips. The alleged scheme lasted five years until last November, when the S.E.C. was tipped off about the tipster. The action will be the first test of the new interpretation of insider trading violations set by the Supreme Court when it vindicated Ray Dirks earlier this month.

Quotas and higher tariffs on stainless steel imports were set by President Reagan. The move was meant to help the ailing domestic steel industry against subsidized steel imports, and the President got mixed reviews. The Common Market voiced its expected criticism over rising protectionism. But complaints also came from United States steelmakers, who said that the measures did not go far

enough and that despite the higher tariffs of up to 10 percent, foreign governments would still be able to undercut American producers. A voice of modest support came from Lloyd McBride, president of the Steel Workers union, who noted that the real teeth of the action were the quotas, which cut some stainless imports by as much as 45 percent.

The stock market fell for most of the week, reacting to sharply higher interest rates and falling bond prices. The Dow Jones Industrial Average lost 21 points to end at 1,207.23. On Friday, however, the Federal Reserve reported a \$3 billion drop in the money supply, an announcement that brought rates down somewhat and that should move the market higher on Monday.

Atari's embattled chairman, Raymond E. Kassar, tendered his resignation to Warner Communications, Atari's parent company. His replacement will be James J. Morgan, a 41-year-old executive vice president from Philip Morris. Mr. Kassar seemed to be on his way out since December, when Atari first announced major losses and it was reported that Mr. Kassar had sold 5,000 shares of Warner stock just before the announcement.

Nathaniel C. Nash

The New York Stock Exchange				
MOST ACTIVE STOCKS				
WEEK ENDED JULY 8, 1983				
Company	Sales	Last	Net Chg	
Chrysler	4,714,300	29 1/2	- 2 1/4	
AT&T	4,615,100	62 1/2	- 1 1/4	
Phil S	4,002,400	35 1/2	- 2 1/4	
Mesa P	3,259,800	16 1/2	+ 1 1/4	
Citicorp	3,233,100	37 1/2	- 2 1/4	
IBM	3,022,600	121 1/2	+ 1 1/4	
Schlmb	2,891,500	57 1/2	+ 2 1/4	
G Mot	2,502,400	71 1/2	- 1 1/4	
Prim C	2,426,700	19 1/2	- 3 1/4	
Bkr Int'l	2,409,800	23 1/2	+ 3 1/4	
Int TT	2,394,200	45 1/2	+ 2 1/4	
Diam S	2,278,400	23 1/2	+ 1 1/4	
Alt Rich	2,126,100	51 1/2	+ 2 1/4	
Exxon	2,086,500	34 1/2	- 1 1/4	
Pan Am	2,016,100	7 1/2	- 1 1/4	
Standard & Poor's				
400 Indust	192.0	186.2	188.6	-2.12
20 Transp	30.8	29.5	29.9	-0.38
40 Util	84.4	82.8	84.0	+0.24
40 Financ	19.9	19.4	19.6	-0.41
500 Stocks	189.9	185.0	187.0	-1.83
Dow Jones				
30 Indust	1227.2	1200.2	1207.2	-16.03
20 Transp	587.3	571.5	575.2	-11.33
15 Util	129.1	127.1	129.2	+0.37
65 Comb	491.8	480.3	483.9	-6.81
The American Stock Exchange				
MOST ACTIVE STOCKS				
WEEK ENDED JULY 8, 1983				
Company	Sales	Last	Net Chg	
ImpCh	4,414,900	8 1/2	- 1/4	
DomeP	944,800	4 1/16	+5/16	
Dunlop	817,000	1 1/16	
WangB	809,200	39 1/2	- 1 1/4	
Reart wt	727,000	15 1/2	+ 1 1/4	
Reart A	724,800	52 1/2	+ 1 1/4	
Cyprus	722,800	4 1/2	+ 1 1/4	
Kirby	701,600	9 1/2	+ 1 1/4	
InstSy	619,900	5 1/2	+ 1 1/4	
OzarkA	615,200	16 1/2	+ 1 1/4	
MARKET DIARY				
	Last Week	Prev. Week		
Advances	760	728		
Declines	1,189	1,278		
Total Issues	2,178	2,196		
New Highs	175	216		
New Lows	10	22		
VOLUME				
(4 P.M. New York Close)	Last Week	Year To Date		
Total Sales	316,861,280	11,476,964,552		
Same Per. 1982	220,410,610	6,796,487,096		
WEEK'S MARKET AVERAGES				
	High	Low	Last Change	
New York Stock Exchange				
Indust	115.0	112.7	113.5	-1.09
Transp	84.1	82.9	82.9	-1.70
Util	86.5	86.2	86.2	-0.46
Financ	100.3	98.4	98.4	-1.86
Composite	98.0	96.2	96.8	-1.02
MARKET DIARY				
	Last Week	Prev. Week		
Advances	374	294		
Declines	415	517		
Total Issues	904	910		
New Highs	116	96		
New Lows	8	3		
VOLUME				
(4 P.M. New York Close)	Last Week	Year To Date		
Total Sales	38,230,075	1,241,054,659		
Same Per. 1982	15,312,510	545,040,270		

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Freshman. Fireman. Diplomat?

In typical jet-age fashion, Secretary of State George Shultz has been dashing around the world touching bases that needed touching before his first year in office ends this week. It's not Mr. Shultz's fault that he's been doing freshman chores midway through President Reagan's junior year. But there's not much time left for this Administration to choose an area of diplomatic concentration.

Mr. Shultz spent most of the year undoing the early Reagan damage. He resumed private conversation with the Soviet Ambassador (apparently restoring Mr. Dobrynin's special driveway privilege). He persuaded China that Mr. Reagan is not about to unleash the Taiwan problem. He got the President to call off a pointless brawl with the allies over the Soviet gas pipeline and to put a hint of flexibility into the Euromissile negotiations. He dissociated the United States from Israel's invasion of Lebanon and still shifted much of the blame for the Palestinian impasse to Arab nations.

If diplomacy is putting out fires, including self-inflicted hot-foots, that's not a bad one-year run. With another such year, perhaps Mr. Shultz could also gain control of the two-alarm blaze in Central America, and the too-benign neglect of South Africa and respond more sympathetically to the cries for help from the poorest countries.

But if diplomacy should also be constructive, the Reagan team has little to show for its exertions.

Are Americans better off internationally than they were three years ago? Are the Russians gasping in the quickening arms race as Ronald Reagan expected? Are the Western democracies using their great economic power to promote stability, to preempt third-world revolution, to help Poland, or Afghanistan? Where's the payoff from the great

Awacs sale that consumed Mr. Reagan's first year? The President and Mr. Shultz have barely a year to make their diplomatic mark in this term. They ought now to leave the Middle East and much else to subordinates and concentrate on re-establishing civil ties to the Soviet Union.

Unless they do, technology will take charge of the arms race and propel it into space and beyond all rational limits. Unless those limits are defined in a confidence-building diplomacy, even peripheral rivalries, as in Lebanon or Nicaragua, can spin out of control.

Mr. Shultz's only major statement on Soviet policy, to the Senate Foreign Relations Committee last month, was a useless paste-up of highly divergent views. He proposed more negotiation, notably for arms control. But first the Soviet Union would have to behave itself and stop threatening stability or even exploiting instability. If there were no major Soviet-American problems, he seemed to say, there'd be no problems.

A mature diplomacy can't wait for philosophical harmony or shared values. The United States and Soviet Union need to temper the competition in weapons, and contain their other rivalries, not because they agree about how the world should work but because they don't. They need agreements that are mutually beneficial and thus self-enforcing.

Strength alone may deter nuclear war and lessen aggression, as Mr. Shultz contended, but only at mad cost and risk. If the Secretary wants a productive second year, he'd best let someone else fight the fires while he tends to Topic A. That was, is and will continue to be the Soviet Union.

Sex and the Practical Economy

Judy Goldsmith, the president of the National Organization for Women, called it "a victory for women's rights." But a close reading of the Supreme Court's decision against segregating men and women in reckoning annuity payments shows it to be a Solomonic and limited in scope. The Court is divided about the underlying issue. And it remains up to Congress to decide the extent to which the insurance and pension industries may distinguish between the sexes in setting premiums and benefits.

Nathalie Norris contributed \$199 a month to an annuity plan run for Arizona state employees by a private insurer. When she discovered that her monthly benefit would be \$34 less than a man's because, on average, women live longer than men, she sued. It did not matter, Miss Norris argued, that it costs more to fund annuities for groups of women than groups of men. Distinctions based on sex violate the 1964 Civil Rights Act prohibition against discrimination in employment.

The Supreme Court ruled in her favor, 5 to 4. Relying heavily on a similar decision in 1978, the majority said "the use of sex-segregated actuarial tables to calculate benefits" is indeed discrimination in employment. But the four dissenters were then joined by Justice Sandra Day O'Connor to limit the financial effect of the decision. They stipulated that only future benefits, based on future annuity

contributions, need to be equalized. That was a practical, sensible solution to a problem that Congress has never directly addressed.

The sex-based distinctions in this case had nothing to do with prejudice. The Court merely inferred a broader spiritual meaning in the law, striking down behavior that has the effect of emphasizing workplace distinctions between the sexes. By denying retroactive compensation, the Court protected the solvency of existing pension systems.

But what the Court did not say is equally important. Its decision affects only sex-based actuarial tables used in employment. Outside that context, it remains legal to charge women more for annuities (and less for life or auto insurance) because of their record as a group. And even this fine line was drawn only by a one-vote margin. Such unstable judicial coalitions are unlikely to leave an enduring legal precedent.

That passes the buck to Congress, where it belongs. Congress should extend the Court's reasoning to all annuity contracts, equalizing future benefits on future premiums. And where practical, it should eliminate sex-based distinctions in insurance as well. That might require some compromises. Differences in driving records between young men and women, for example, may be too great to accommodate sex-blind premiums in auto insurance. But the social goal should be clear: Where practical, get rid of economic distinctions between the sexes.

Topics

Guides and Goads

Starring New England

In Salem, Mass. the other day, a well-traveled friend spotted a familiar deep green: the cover of a Michelin guidebook. Titled "Nouvelle Angleterie," it was being soberly perused by a French couple drawn to Salem by its three-star rating.

"To my delight," our friend reports, "I found an English edition in a local bookstore. And yes, New England was distilled with brisk Gallic precision into 208 pages—starred and mapped, charted and described, just as if it were Normandy. The essay on food was pretty tactful. It praised the 'heartily, home-cooked meals' served in inns and called maple syrup an 'indispensable companion to pancakes.'"

"Nantucket got the highest rating, three stars, and so did Newport and Sturbridge Village, which is all right. But trois étoiles for Mystic, Conn., and the Shelburne Museum—I call that inflation. Yale and Harvard each came through with three stars, as befits our own grandes écoles, but no stars for Amherst—that seems downright ornery. A top rating for the Faneuil Hall Marketplace shows the French are as fast, but the real preference is for scenery—three big stars for Cape Cod National Seashore, the Berkshires, Acadia National Park and the White Mountains."

"Then I saw there was a method in the ratings. This is a guide for people from France who are looking for local color, not great art. That's why the Hancock Shaker Village gets three stars, but Harvard's Fogg Museum gets only one. Still, it's a wonderful thing to read that no-nonsense Michelin prose, and to be told, firmly, that

four hours suffices for a walk on Boston's Freedom Trail ("...")."

Iconoclast

In 1967, Herman Kahn and a colleague published a list of 100 technical innovations likely by the year 2000. Some, like computers and electronic communication in the home, have already materialized. Others, like widespread use of nuclear reactors for power, have been undone by events. Still other predictions, like individual flying platforms, remain speculative. But whether the predictions were right or wrong, it took a bold and restless intelligence to risk advancing them in the first place.

People who knew Herman Kahn in later years as a futurist might say he was more brash than bold, more theatrical than restless. Others, who knew him in earlier years as a nuclear strategist, disparaged him as a hard-nosed hawk. But neither view does justice to this large, rumpiled iconoclast who died the other day at 61.

"I'm against fashionable thinking," he once said. It was a credo. After years as one of the inventors of the original theories and vocabularies of deterrence and arms control, he came to think nuclear wars could be won or lost. That was (and remains) heresy to people who think there'd be no surviving such a war. But one need not be a hawk to see the value in his insistence that society think through the possibility that he might be right.

Herman Kahn, who at meetings used to shame long-winded speakers by pulling out a camera and snapping their pictures, used shock to attract

attention. He also knew how to use it to do something much more important. He made us, in his own words, Think About the Unthinkable.

Public Servants

What is honored in a country, someone said, is what is practiced there. Two items from Friday's news tell something about how some people in Washington seek honor these days.

Item One: Charles Wick, director of the U.S. Information Agency, reimburses the Federal Government for two-thirds of the cost of installing a \$31,713 security system in his home after the White House ethics adviser warns the expenditure might be misunderstood. An assistant pronounces Director Wick a "hero" for inquiring about the proprieties without waiting to be criticized.

Item Two: Emanuel Savas, an Assistant Secretary of Housing and Urban Development, resigns under pressure after Justice Department investigators find he has "abused his office" by having staff members work, on Government time, on his book. He brands the charges "frivolous and false" and says he's been exonerated. Why? Because he was not indicted. Rurray for Mr. Wick! He has not enriched public service (how many civil servants would have had to ask?) but neither has public service enriched him. Congratulations, too, to Mr. Savas, for consistency. An earlier version of his book, "Privatizing the Public Sector: How to Shrink Government" marked him as a scourge of waste. His departure makes Government smaller without diminishing it.

Letters

U.S. Economy: The Gainers and the Losers

To the Editor:

In a July 1 "Economic Analysis," Alan Sinai of Data Resources was quoted as saying, "It's fair to say that Reaganomics is working." As one with considerable training in economics, I find it difficult to share Sinai's optimism.

Higher-than-average rates of economic growth have always been associated with recovery from a recession. However, we must keep in mind that the labor force expands at an annual rate of 3 percent, so a positive rate of economic growth is necessary just to keep unemployment from rising. During the 1976 recovery, the economy grew at a 6.1 percent pace, yet unemployment dropped only eight-tenths of a percentage point (to 7.7 percent from 8.5).

The performance of Reaganomics can be compared to adding 6 ounces of liquid to a 12-ounce bottle. The task is not difficult, provided you first pour out half the bottle's original content. By the same token, there is no magic in a surge of economic activity when the economy operates at 70 percent of capacity.

The problem is to maintain a growing economy with no idle capacity while keeping inflation down. Thus far, nobody has found the formula.

Of course, few analysts would entertain the possibility that the economic recovery is occurring in spite of Reaganomics, not because of it. And

we must remember that President Reagan did not receive all the budget cuts he had asked for. In fact, following his initial successes in 1981, Reagan has faced increasing Congressional opposition to further cuts.

No economic analysis is complete without a full accounting for the gainers and losers of a particular economic policy. Few will quarrel with Reagan's announced goal of making it possible for Americans to become wealthy, yet most working people continue to face difficulties in paying their bills and making ends meet.

If the majority of Americans find themselves worse off as a result of Reaganomics, the President may find himself without a job in 1985.

MARTIN CELINICK
White Plains, July 1, 1983

Let It Sparkle

To the Editor:

Flora Lewis (column July 1) reports that former West German Chancellor Helmut Schmidt is alarmed at the size of U.S. deficits, which he says will spoil the U.S. recovery. She cites the "grim" news that West Germany is sending \$1 billion a month to the United States—three-quarters into Treasury bills, only one-quarter into productive investment. "This kind of money doesn't do much to create jobs," writes Miss Lewis.

Lest We Yearn for the Victorian Family

To the Editor:

I was appalled by William Tucker's June 26 Op-Ed article, "Victorian Savvy"—not by his condemnation of divorce and single-parent families but by the narrowness and uninformed nature of his argument.

For one thing, the 19th-century families he lauds were middle-class families. The rich cared not a whit for "Victorian morality" and produced progeny on both sides of the sheet. Those on the "wrong" (or illegitimate) side were deprived of both father and economic security.

The poor didn't divorce—they deserted, leaving wives and children to toil in sweatshops or worse. (Where does Mr. Tucker think the huge number of streetwalkers, chimney sweeps and ragpickers came from—stable nuclear families?)

But more important, Mr. Tucker and all those who reminisce about enduring marriages forget that few 19th-century marriages were long-lasting. The short life expectancies almost guaranteed that husbands or wives died in their prime—leaving the surviving partners to bring up children

alone or to remarry (much like today's divorced parents).

Of course, death left less bitterness than divorce. But it also left a lot of



Victorian women unprepared for a life on their own. (Coyne has never counted for much in the economic world.)
FRANCINE KIRSCH
Forest Hills, N.Y., June 29, 1983

Two Kinds of Divestiture From South Africa

To the Editor:

In their June 24 Op-Ed article urging "divestiture" from South Africa, Profs. Michael Joseph Smith and Stanley Hoffmann used that word in two very different senses, which require, but did not receive, distinctive treatment.

"Divestiture" was used to describe both a company's withdrawal of its investment in South Africa (we can call this "corporate divestiture") and a university's withdrawal of its investment in companies that operate in South Africa (we can call this "university divestiture"). The writers discussed both activities interchangeably under the general banner of "divestiture," concluding that "divestiture... is a constructive act designed to put pressure on an evil system and demonstrate in the clearest way possible that American universities are committed to the fundamental values of our common humanity."

For the purposes of this letter, let us assume that corporate divestiture will indeed "put pressure" on South Africa, but will university divestiture help to bring about such corporate withdrawal?

A university's sale of stock ends its role within the company—and transfers the stock to what is likely to be a less socially concerned investor. Ac-

cordingly, it is at least plausible that a university will have a better opportunity, through use of its shareholder vote and voice, to bring about corporate divestiture if it does not practice university divestiture.

That possibility, not addressed in the article, needs to be explored before one can conclude that university divestiture is the "clearest way" to demonstrate a commitment to "fundamental values of our common humanity." Confining the two meanings of divestiture masks this crucial question.

JOHN G. SIMON
New Haven, June 28, 1983

The writer is professor of law at Yale University.

Presidential Distinction

To the Editor:

In a June 30 news story, you noted that only "natural born" U.S. citizens are eligible for the Presidency. Which reminds me of a question: Who was the first American President? Answer: Martin Van Buren. His predecessors (Washington, Adams, Jefferson, Madison, Monroe, J. Q. Adams and Jackson) were at birth (before 1776) British subjects.

SIMON BAATZ
Philadelphia, June 30, 1983

When a Son Straightens a Father's Public Image

To the Editor:

While I agree with Zick Rubin that children should be allowed to choose whether or not they wish to testify in court against their parents ("Keeping Fathers and Sons Together," Op-Ed June 18), I don't believe his argument was well served by citing Gary Crosby's book, "Going My Own Way," and my own, "Last Rites," as examples of a social climate that doesn't "do enough to encourage sons to honor their fathers."

Professor Rubin writes: "Bing Crosby's oldest son, Gary, demolishes Bing's 'Father of the Year' image, accusing Bing of unrelenting cruelty to his four sons." Though I can't speak for Mr. Crosby, I would guess that his

This is not quite right. The United States now has the most sparkling economic recovery going in the West. There are more good investments here at the moment than there are in Europe. And because of this growth here, we are pulling in goods from abroad, helping to sustain employment abroad.

The "capital" sent here is in fact goods and services that the West Germans are exchanging for our stocks and bonds. As the U.S. recovery proceeds, Americans will develop a greater appetite for investments abroad, for European stocks and bonds, and the trade flow will reverse.

The global recovery can continue for a long time unless policy makers worry about the outflow of "capital" or the inflow of "goods" and try to arrest the process. There's nothing for Helmut Schmidt or Flora Lewis to worry about in this sparkling expansion.

JUDE WANNUSKI
President, Polyconomics, Inc.
Morristown, N.J., July 1, 1983

Better Than Rich

To the Editor:

All that attention devoted to the Carter briefing papers during his last press conference (transcript June 28) was not a total loss for President Reagan: It has obscured what to me was an astonishing revelation of priorities.

"But what I want above all," said Mr. Reagan, "is that this country remains a country where someone can always get rich. That's the thing that we have and that must be preserved." Really? When I heard those words, I was certain they would provoke a torrent of comment, but that doesn't seem to be the case.

Am I the only one who thinks this is a conspicuously materialistic vision of America? Am I the only one who would prefer that we concentrate on eliminating oppression, ignorance, hunger and disease? If so, then the last thing I'm worried about is how the Reagan campaign obtained the Carter briefing papers.

DWIGHT D. BURDETTE
Ypsilanti, Mich., June 30, 1983

Mixed Signals

To the Editor:

Our most critical economic problem at present is the awesome, massive Federal budget deficit and the deficits expected in the years ahead. These deficits are an inflationary time bomb. Their financing will absorb practically all our savings and will contribute to higher interest rates and higher prices. They could lead to another boom-and-bust situation.

The separation of powers has not stood us in good stead in this instance. The House of Representatives, controlled by the Democrats, continues with its welfare-state policies. The Republican President is going in the opposite direction. The resultant political impasse over fiscal policy is a dire threat to our economic future and to that of our trading partners.

Who is to blame for this political disaster? We, the American voters, are to blame because we have given our political leaders mixed signals.

In 1980, we clearly endorsed President Reagan's policies of less spending, less taxes, stronger defense and less government. Two years later, we gave a clear mandate to Speaker Tip O'Neill and the Democrats, who control the House. By increasing their majority, we endorsed their policies of more programs and spending more taxes and more government, the welfare state.

We can't have it both ways. Tip O'Neill and Ronald Reagan are not to blame for the fiscal crisis (it's they are doing exactly what we the voters) told them to do.

Between now and November 1984, we the voters must think this through, put our act together and then give our political leaders a clearer signal. In my view, it should start with a demand for a balanced budget as a general policy. If we do not give a clear signal, the deficits could have disastrous consequences, and we will only have ourselves to blame.

JAMES J. THACKARA
Greenwich, Conn., June 27, 1983

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Moscow Opportunities

By Marshall D. Shulman

A visit to Moscow is a depressing experience. One comes away with the powerful, inescapable impression that our policies toward the Soviet Union are based upon erroneous assumptions and are having effects that are contrary to our interests. Measures that the Administration believes will make Moscow more compliant have left the leaders puzzled, angry and defiant, determined to show muscle to prove they are not intimidated. This is a dangerous state of mind.

Returning to Moscow after three years, I talked with more than 60 party and Government officials, diplomats, institute analysts and journalists, most of whom I have known for many years. One has to sift and evaluate what is said, of course, but there can be no doubt that the course followed by the present and the previous Administrations has resulted in a drift of events toward a higher level of military competition, with the prospect of serious miscalculations on both sides.

What makes this particularly depressing is the impression that the Soviet Union is going through a singular transition period in which the opportunity for putting the relationship on a more sensible footing is at hand — if we are prepared to act upon it.

This tangle of cross-purposes and mutual exasperation was further evidenced in the visit to Moscow last week of Chancellor Helmut Kohl of West Germany. For weeks, the Soviet leadership had been building up its anticipation of the visit, which they saw as the last chance for heading off what they regard as the most imminent step toward higher tensions, the deployment in Europe of American theater nuclear weapons. Contrary to the belief dominant in Washington that the beginning of these deployments will lead Moscow to make concessions in the Geneva negotiations, there should be no doubt that the actual effect will be to harden the Soviet position and to lead to further Soviet deployments of missiles in Eastern Europe and in the north, targeted on Western Europe and America.

To my question: "Why these Soviet deployments, when it is evident they will simply result in stimulating further deployments in the West?" the answer was invariably: "We cannot do otherwise, or your Administration will say we are weak and that your pressure tactics are successful."

There are debates in the party and Government over how to respond to the Administration. One debate concerns the question whether to accept a summit meeting between Yuri V. Andropov and Ronald Reagan, or possibly George P. Shultz, as Mr. Kohl suggested.

Some Soviet authorities believe that the coming election is responsible for Washington's flicker of interest in a summit meeting; they do not believe the President is prepared to go beyond symbolic and superficial steps in negotiations at present, and they do not want to strengthen his political chances. Others are more realistic, believing that a summit meeting may have effects beyond what is intended, and hope that a negotiated theater nuclear force agreement might still be possible. They do not want to appear to be the obstacles to negotiations, and they are genuinely uncertain whether some elements in the Administration may be moving toward less rigid and doctrinaire positions.

There are similar debates in the Soviet establishment about how to end their part of the competition in nuclear weapons. What in the United States is justified as "modernization," is universally seen in Moscow as an effort to gain superiority and the capability for a first strike. They know that they do not have strategic superiority, and they see ulterior purposes behind the Administration's attribution to them of this dubious advantage. "When will the Americans say: 'Enough is enough?'" a high military official said with some passion. "Why doesn't the Soviet Union say this?" I asked. This argument has been made by some, but the predominant view is that a strategic leveling-off would be taken by America as a sign of weakness, and therefore the Kremlin is defiantly headed on an upward course instead, matching what it sees as American initiatives toward new and more capable weapons systems.

The official American view is that a further buildup of strategic weapons is necessary to make the Soviet Union more forthcoming in the negotiations. But the effect of the American programs, particularly the MX, is the contrary: It will result in additional Soviet weapons. It is worth testing the proposition that the Soviet leaders already have ample incentives to negotiate a stable and moderate-level strategic balance if they are convinced the Administration is serious about it, which they do not now believe to be the case.

If they now have that incentive, it is because they are genuinely concerned about the consequences of nuclear war and because an improvement in their economy has become a priority preoccupation.

Like some other industrial societies, the Soviet Union is turning inward. Prospects in foreign policy are not bright, and domestic problems are demanding attention. This is not to say that the regime will not respond to crises or opportunities abroad, but, barring unpredictable developments, this will be a period in which foreign policy will be a secondary priority while the regime seeks to rationalize and to modernize the economy and the society.

It was evident at the recent Central Committee plenum that the leadership is not yet ready to move on the fundamental economic reforms that must be addressed. Plans for economic

reforms, some of them radical, are being debated. From the discussions, it appeared probable that the Soviet regime is preparing to go from a first attack on low work discipline to some local economic experiments, and, in perhaps a year, to more fundamental economic restructuring, which may involve both centralization of some functions and decentralization of others, with important changes in the party's role in day-to-day administration of the economy.

Some have complained, in the Soviet Union and abroad, that the regime is moving slowly, but it appears that the reason for its deliberate pace is less political resistance than caution and uncertainty in entering upon major organizational changes.

The question is whether Mr. Andro-

pov's health will give him enough time. By his frank and direct treatment of the shortcomings of the economy, he has put his stamp on the regime, and changes in the party's style are already evident. But the problems are formidable: Bureaucratism and low work discipline, confusion, corruption and apathy are all widely in evidence. Yet, the process of generational change has begun: Here and there are to be seen younger, more energetic and better-trained managers who may be the forerunners of a new leadership in the distant future. Whether they will be able to cope with the complex problems of the huge, sprawling economy without fundamental political changes is the crucial question for the future.

These preoccupations and these un-

certainties would make the present moment a good one for testing the possibilities of putting our relations with the Soviet Union on a more sensible footing. The Soviet leaders are parochial and limited in their perspectives; they still have little insight into how their own actions contributed to a hardening of American attitudes toward the Soviet Union. But as they examine their options for the future, their choices will depend at least in part on how America frames these choices. If, as we now appear to be doing, we require of them as conditions for moderating the relationship immediate steps on Afghanistan, Poland and human rights, which even under the best of circumstances will take time to work out, we are seen as posturing, while the Soviet Union will become more mobilized and as a consequence more repressive. But if we see our own self-interest in bringing the military competition under control and moderating tensions, the responsiveness of the Soviet leaders will be put to a genuine test.

Plain Talk On Central America

By Richard H. Ullman

PRINCETON, N.J. — Bases, it seems, are the sticking point. "If the Soviet Union or the Cubans, in conjunction or alone, were to establish a major base or military position in Central America, I think it would be a matter of very, very, serious concern," former Vice President Walter Mondale told a television audience last month. "I think it would go to the vital interests of our country, and it would raise grave challenges."

The words could have come from President Reagan or from any member of his Administration — or from Senators and Congressmen of both parties. They are always put forward as self-evident truths allowing of no further discussion.

Yet it is by no means self-evident that Soviet (let alone Cuban) bases in Central America would seriously threaten the security of the United States. Those who utter such certainties owe their listeners a careful explanation of what they mean. Thus far, we have had none.

When politicians or officials talk of "vital interests," what they usually have in mind is money. When they say that a given Soviet action will pose "grave challenges" they actually mean that the United States will have to spend more dollars to counter it. They should be required to specify what they think the cost might be. That would bring the issue down to earth. Cost estimates — and whether or not they should be paid — are debatable. "Vital interests" and "grave challenges" are not.

Are Soviet bases really a danger?

In the case of Central America, those who claim to fear Soviet or Cuban bases should be asked what it would cost to neutralize them rapidly if they were ever used for military operations against the United States, its allies (including other Latin American nations) or the strategic Caribbean shipping lanes. "Taking out" the given base would require a certain number of vessels and aircraft, crewed by a certain number of Navy and Air Force personnel, using predictable amounts of fuel and munitions.

Some of those ships and planes and bombs and persons would need to be bought or recruited anew, so as not to tie down resources that might be needed elsewhere. Others would not. There is already substantial United States power in the region. And Central America is within range of Air National Guard and Naval Reserve formations not earmarked for combat farther afield. If a price tag were assigned to the task of meeting the Soviet or Cuban "grave challenge" in the hemisphere, the chances are that the figure would not cause much of a bulge in the Pentagon's budget.

For the Russians, on the other hand, the resulting exchange would be highly disadvantageous. They would be depending on long and precarious lines of supply, far from home ports and airfields, while Americans flying from Texas and Florida could drop their bombs and be home for lunch.

Indeed, what would Moscow gain from running such risks? Not any change in the overall strategic balance: In an era of intercontinental missiles, firing nuclear weapons from nearby bases conveys no real benefit. And there are no plausible ways in which the Soviets could profit from attacking North America with conventional weapons. The irony is that Soviet bases in the Eastern Mediter-



Kevin Kelly

anean or the South China Sea would be much more harmful to United States interests than bases in the Caribbean. Moreover, it should be remembered that Moscow already has bases in Cuba at its disposal. Why should it now seek new ones?

Similar considerations apply to Cuban bases in Central America. Supply lines would be shorter, but the stakes much higher. Would the Castro regime imagine that a United States sufficiently provoked to strike at Cuban bases would long allow Cuba itself to remain an unscathed sanctuary?

The overwhelming military advantage the United States would enjoy in its own backyard is what makes it so untenable to argue that a Soviet or Cuban presence in Central America would seriously threaten the United States' national security. It also makes it most unlikely that the Russians or the Cubans would ever place significant military "assets" there and run the risk of losing them in the first hours of a shooting war. And it makes it likely that, if Soviet or Cuban bases ever were established in Central America, they would be used only to defend the country in which they were located — Nicaragua, for instance.

Nicaragua, indeed, is the real issue. Its Sandinist regime is under attack from rightist insurgents based in Honduras and armed, trained and paid by the United States. Thus far it has been able to cope with these enemies without striking at their staging areas in Honduras. But if the insurgency grows, the Sandinists might well retaliate across the border. They would do so with aircraft supplied by Moscow and Havana, launched from airfields built with Cuban assistance. Both in retaliating and in seeking help from abroad, they would be acting entirely in accord with the international law of self-defense.

Yet Washington might seize upon any such Sandinist effort as an excuse for air and naval strikes against "Soviet and Cuban bases" in Nicaragua. The Administration might use its own forces. Alternatively, it might employ the large, modern Honduran Air Force — American trained and financed — for the bulk of the job. If such operations occur, they should be seen for what they are: part of Washington's continuing, not-so-covert campaign to overthrow the Sandinist government, not a response to any threat to the security of the United States.

The Reagan Administration's fond hope is that once the Marxist regime in Managua is unseated, the Marxist-led insurgency in El Salvador will fall. Democrats in Congress are skeptical that Nicaraguan aid sustains the Salvadoran rebels and skeptical that the corrupt Salvadoran regime can win unless American combat troops fight its war for it. They oppose the Administration's policies, yet fear being seen as jeopardizing United States security if Central America is "lost" to communism. They think they are covering themselves by drawing the line at bases. But they are actually playing the President's game.

"U.S. security, the safety of American citizens, that's why Central America matters so much," the President told a Republican gathering last week. So long as the Democrats allowed such statements to go unchal-

lenged, their opposition will be ineffective. They should insist that Mr. Reagan explain just what he has in mind, with numbers. The odds are that he cannot do so in a manner that convinces the American people that they face a significant danger.

ESSAY

The Deficit Speaks

By William Safire

WASHINGTON — This is your deficit speaking.

I am usually referred to as "the horrendous deficit," "the unprecedented peacetime deficit," and "the grim \$200 billion overhang that threatens to abort the recovery." I am constantly portrayed as ominously "looming."

Nobody has a kind word. Democrats, who used to think of me as a Keynesian stimulus, now exhort me for being a "sea of red ink." Republicans, who have brought me to my chubbiest stage of development, consider me an albatross that they promise to get rid of by 1988.

I am grateful to the economist who inhabits this space for giving me this chance to refute my tormentors.

1. The deficit is the result of supply-side "voodoo economics."

Not so. I came to my present state when Mr. Reagan tied the new supply-side tax reductions together with the old religion, demand-side monetarist belt-tightening. That led to a recession, requiring higher government spending for people thrown out of work and less tax revenue from plunging profits. Higher spending, lower receipts, and here I am.

2. The looming deficit serves no useful purpose.

Stop with the "looming" — I'm right here. Thanks to me, with a little help from the business cycle, the recession is being swept from the American scene. The only known cure for recession is red ink, and that's me. Of course, the recession itself did a lot of good for the economy, squeezing out inflation, and got nothing but abuse for its pains. However, I cannot stand up for the recession here, I have my own image problems.

3. The deficit will abort the recovery by driving up interest rates.

Just because Henry Kaufman says so, does that make it true? France has a low deficit but high interest rates; Japan has a huge deficit but low interest rates. While I've tripled in size, interest rates have been cut in half. The Treasury has just put out a long report by Manley Johnson, the sage of Alabama, concluding that "existing empirical evidence points toward no systematic relationship between government budget deficits and interest rates or exchange rates." Let Kaufmanomics deal with that!

4. Big deficits mean big government borrowing, and that will crowd out private borrowing in the infant recovery, causing it to abort.

I wish the crowd-out crowd would abort that word, "abort." We produce deficits say that the only private investment to be crowded out by

government borrowing will be the least productive investment. Moreover, the prosperity I'm stimulating will increase the size of the savings pool and provide more room for high-profit private investment. Business earnings, which increase dramatically early in recoveries, will be used to finance expansion internally, with no drain on the capital markets. Don't get hung up on conventional wisdom.

5. But the unprecedented deficit, if it does drive up interest rates, will cause big-borrowing Brazil to collapse and worldwide crisis to impend.

First, Mr. Coffee-nerves, about that "unprecedented": In World War II, I was 22 percent of Gross National Product, and today I'm under 5 percent. As to the terrible effects of a strong dollar, higher rates would pull in capital from all over the world, solving that "crowding out" problem you think you have. And a strong dollar lowers the selling price of the exports of less developed nations, which should be welcomed by bleeding hearts everywhere.

6. An unconscionable deficit will scare the stock market into a correction.

Only a year ago you were saying I would keep the market down and boy, were you wrong. One of these days, it's going to dawn on some market shrewdies that today's vicious circle can run the other way: that prosperity will slash unemployment and welfare outlays, while raising tax receipts from new wage earners and newly profitable businesses. That means I will get smaller, making more room for investment at low interest rates. I am more "conscionable" than a stagnating surplus. (And a happy 108th birthday to Lord Keynes, who died in the long run.)

7. That is pie in the sky — the only way to reduce the deficit, since spending is not going to be cut, is by responsibly raising taxes.

Look at me another way. My size is not the danger — mere size is no sin — my financing is your real concern. You can finance me by borrowing or by taxing. Taxing clobbers the producers of prosperity, while borrowing — if you keep the money supply fairly stable — helps the economy chug along and grow. And be realistic: if you raise taxes, you'll raise spending. The fear of me is all that disciplines the Big Spenders.

And so, my friends, remember all the good the recession did, toss in a good word for crookbacked Richard III, and give your friendly deficit a break. You learned to live with the Bomb, didn't you?

...AND NOW THEY HANG WOMEN

On June 18th the Islamic Republic of Iran hanged ten women, three of them teen-age girls. Their "crime" was refusal to recant their faith. They were Bahá'ís and as Bahá'ís believed in:

- The unity of mankind
- The unity of all religions
- The equality of all races
- The equality of men and women
- Universal education
- Universal peace
- The harmony of science and religion

Iran's mullahs threaten to destroy the entire Bahá'í community. The judge who condemned the women to death, and recently sent seven Bahá'í men to the gallows, warned: "The Islamic nation will, God willing, fulfill the prayer mentioned in the Koran, 'Lord, leave not one single family of infidels on earth.'"

The President of the United States appealed to the Ayatollah Khomeini to stop the killings, and the Congress in a concurrent resolution has condemned the persecution.

Only the concerted pressure of world public opinion can avert a tragedy of appalling proportions: genocide.

We invite Americans of all races and creeds to express support of Presidential and Congressional appeals to end these killings. The people of the United States should be in the forefront of world demands that the barbarous persecution of a peaceful community cease.

For the Bahá'ís of America

NATIONAL SPIRITUAL ASSEMBLY OF THE BAHÁ'ÍS
OF THE UNITED STATES
536 Sheridan Road
Wilmette, Illinois 60091
(312)869-3039

Marshall D. Shulman is professor of international relations and director of the Harriman Institute for Advanced Study of the Soviet Union, of Columbia University. He was special assistant on Soviet affairs to Secretary of State Cyrus R. Vance.

Richard H. Ullman, professor of international affairs at Princeton University, is currently a visiting member of the Institute for Advanced Study.

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Arts & Leisure

London's Best Is Very Good Indeed

By FRANK RICH

LONDON

The distance separating the theatrical worlds of London and New York seems to be narrowing all the time. In the honky-tonk precincts of the West End, as on Broadway, one finds too many dark theaters, too many theaters permanently occupied by long-running shows for the tourist trade (three of them, as always, by Andrew Lloyd Webber), too many empty seats and too few good plays. Musical revivals are ubiquitous — from Topol in "Fiddler on the Roof" to a giddy 1929 Anglo-American oddity, "Mr. Cinders," starring the sublime Denis Lawson — and, both on the West End and along the fringe, imports are the daily fare. As a New York visitor peruses the London theatrical listings of early summer — among them, "The Dining Room," "A Moon for the Misbegotten" and "Romantic Comedy" — he can forget he's ever left home.

At the half-price ticket booth in Leicester Square, the lines are as long as those at our own in Duffy Square; the take-out food comes from Burger King. Open a London newspaper in June — or switch on a talk show — and whose face does one find? None other than that of Joseph Papp, who conducted a masterly promotional blitz for "Buried Inside Extra," the Public Theater production that he brought to the Royal Court in exchange for "Top Girls." Until the British critics rained on the parade, tout London was convinced that "Buried Inside Extra" was the hottest thing to hit town since Mr. Papp's "Pirates of Penzance" (now in its "second swashbuckling year" at the Drury Lane).

But the happy news is that these trans-Atlantic parallels, while telling, are not the whole story. By many accounts, London has had a dreary season — and yet London's dreary season towers above ours. The explanation is simple. If Broadway and Off Broadway dry up in New York, theatergoers are left empty-handed. If the West End and the fringe fail to produce exciting work in London, audiences still have the state-subsidized National Theater and Royal Shakespeare Company. In June, these companies had roughly 20 productions in repertory on their combined total of five stages: daring new plays, provocative versions of familiar and obscure classics, English-language premieres of works by Italian playwrights as varied as Eduardo de Filippo and Dario Fo.

In a 10-day visit, I couldn't come close to seeing all the National and RSC productions. Almost everything I did see was noteworthy — including the most adventurous new play around, David Hare's "A Map of the World" at the National, and the two merriest revivals, "Much Ado About Nothing" as directed by Terry Hands at the RSC with Derek Jacobi and Sinead Cusack, and Sheridan's "The Rivals" with Michael Hordern, Geraldine McEwan and the National. In a category all by itself is the staging of Mr. de Filippo's "Inner Voices," a surreal parable about postwar Italy's decline in which neither the characters nor the audience is sure whether a grisly murder has actually taken place or is only an old man's nightmare. "Inner Voices" might be unproducible without the one actor in the world who can inhabit that incorporeal realm where dreams and reality mysteriously intermingle. The National, needless to say, has that actor — Ralph Richardson.

The diverse menu at these companies is dizzying. One Saturday, I ran from a matinee of the National's "Guys and Dolls" to the RSC's "King Lear" at the Barbican Center. A person could develop double-vision after such a seven-hour marathon — but the unusual tone of both productions proved a tonic. As staged by Ronald Eyre, "Guys and Dolls" is a loving British fantasy of a Broadway musical: at the climax, fog sweeps over the stage and the Damon Runyon characters break into an incongruous tap dance. Adrian Noble's "King Lear," in which Michael Gambon's workmanlike Lear often plays the fool to Anthony Sher's Fool, is a wholly intellectual approach to the play — a meticulously icy but instructive contrast to Laurence Olivier's new, quintessentially romantic television version.

What's most important about London's institutional theaters, however, is not so much the quantity or even the quality of their individual productions but the overall effect of these companies' existence. Serious theater, for want of a better term, can't earn its keep in the commercial arena of the West End, any more than it can on Broadway. (Some British theater people suspect that the RSC's "All's Well That Ends Well" had it been moved



Derek Jacobi and Sinead Cusack, above, in the Royal Shakespeare Company's production of Shakespeare's "Much Ado About Nothing"—a merry revival

from the Barbican to the West End, would have failed as quickly as it did in New York.) By keeping its productions on the boards for a season, regardless of the reviews or box-office grosses, the National and the RSC insure the continuous survival of the theater as a forum for art and ideas, no matter how many thrillers and sex farces blight the houses around Piccadilly Circus. In New York, where the notion of a well-funded, high-caliber repertory company is barely a dream, let alone a reality, we have no such assurance. A few weak Broadway seasons in a row, and the theater seems to abdicate its role in our city's intellectual life.

American theatergoers may well have to travel abroad this summer if they want to see the best new London plays. Almost all of them are what Broadway calls "non-commercial"; they're likely to be produced in New York only if our straitened non-profit theaters can import them — or if American stars can be coaxed into the lead roles. This may even be true of Tom Stoppard's "The Real Thing," a flawed but worthwhile comedy which has been produced as a regular commercial venture, and with surprising success, in the West End. Though more personal than this writer's "Travesties" or "Jumpers," "The Real Thing" is fundamentally an extended debate about aesthetics. It's usually not dry — the wicked Mr. Stoppard even includes vocal selections from Dianna Ross and Herman's Hermits — but no Broadway management is going to mistake it for "Cats."

As it happens, the debate in "The Real Thing" provides an overview of the British theater at this moment. Mr. Stoppard's protagonist, a bourgeois playwright named Henry (Roger Rees), champions the cause that love is just as legitimate and profound a subject for the theater as weighty social issues. This is an unfashionable notion in London and has been for some time. One could even say that Mr. Stoppard is belatedly striking back at John Osborne, the forerunner of today's British political playwrights, for Mr. Osborne's usurpation of the supposedly trivial likes of Noel Coward and Terence Rattigan 25 years ago.

The present-day motivation for Mr. Stoppard's argument is not hard to find. With the exception of Peter Ustinov's frail new comedy, "Beethoven's Tenth" — in which the composer returns from the grave to solve the dull domestic crises of a sitcom household — all the new plays I saw were at some level preoccupied with political ideology. Class conflict even figures in "Daisy Pulls It Off," a toothless but popular spoof of Angela Brazil's 1930's girls' boarding school novels, which Mr. Lloyd Webber has produced on the West End while readying his much anticipated new musical about trains.

Even some of London's more gravely intentioned political plays are more frivolous than any Coward comedy. Steven Berkoff, whose "Greek" died in a weekend Off Broadway last month, is represented at the Warehouse Theater by "West," a nostalgic look at 1950's working-class gangs. Its sociological point of view, dressed up with cheeky citations from Shakespeare, harks back to "West Side Story." "West" is worth seeing only for Mr. Berkoff's work as a director: his actors march about the small stage in eccentric, precisely drilled strutting maneuvers — Jerome Robbins choreography without music — that crackle with the malevolence missing in the text.

David Hare's "A Map of the World" is far more ambitious, as its title suggests. In its use of a tricky Chinese-box structure and in its concern with the political ramifications of art, the play resembles Mr. Stoppard's and could almost serve as a reply to it. Set at an absurdly fatuous Unesco conference on Third World poverty, held in Bombay in 1976, it tells of an imagined confrontation between a left-wing British journalist and a right-wing expatriate Indian novelist who, though named Victor Mehta,

mostly resembles V. S. Naipaul.

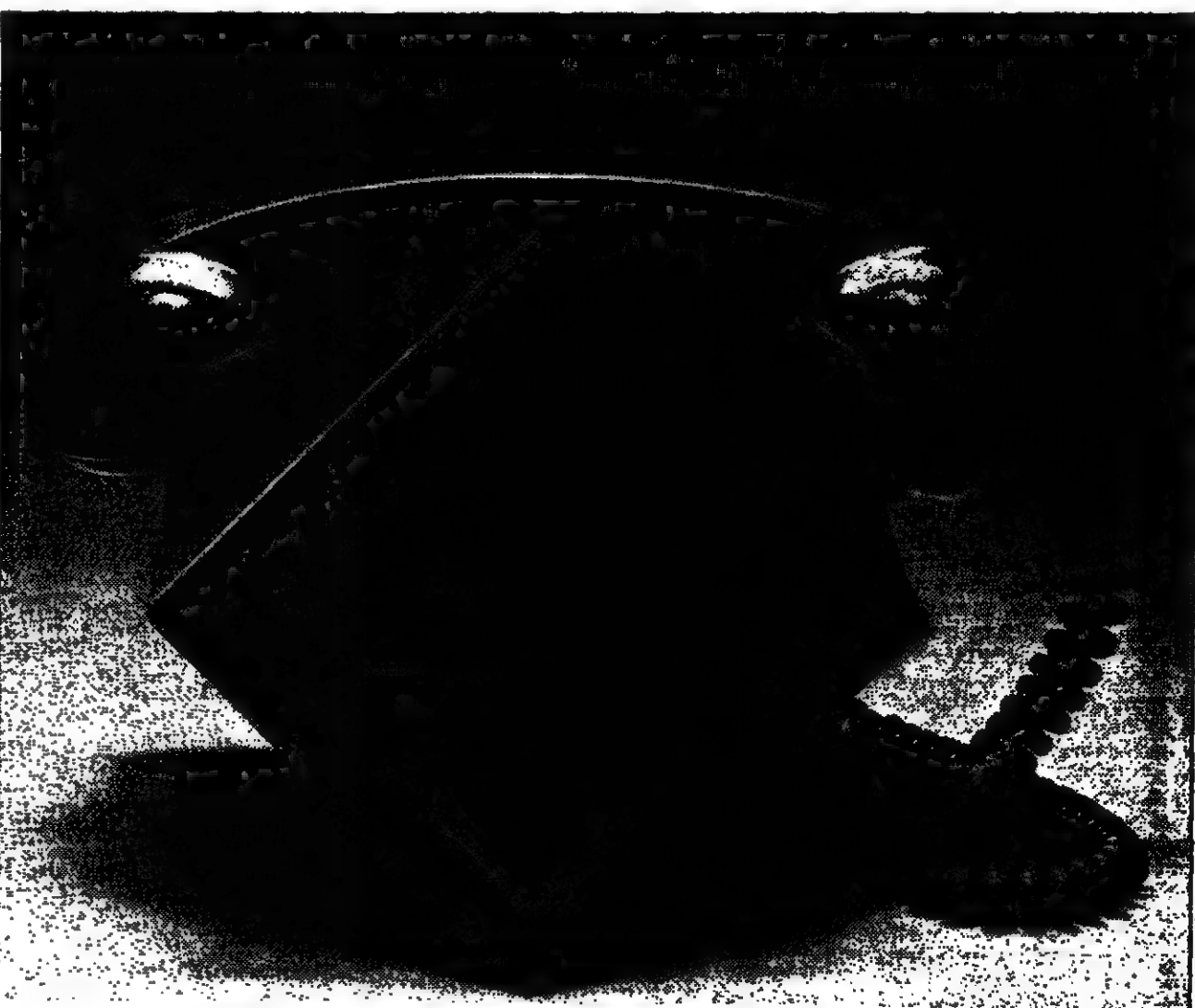
The journalist is an idealist who subscribes to Oscar Wilde's dictum that "a map of the world which does not include Utopia is not worth even glancing at." The novelist is a disdainful cultural mandarin who claims that Western liberalism, as visited on the Third World by everyone from the United Nations to Graham Greene, serves only to assuage the guilt of the radical chic and promote Marxism. Anyone who's seen Mr. Hare's "Plenty" will know where the playwright's sympathies lie, but "A Map of the World" rarely loads the dice. The sharp-tongued novelist — portrayed with charismatic authority by Roshan Seth, the Nehru of the film "Gandhi" — wins many of the arguments; the trendy journalist (Bill Nighy) is something of a boor. By the end, Mr. Hare has allowed each man to learn from the other and has somehow turned a bristling Shavian debate into a drama that is moving as well as provocative.

Mr. Hare also stitches in witty asides about subjects ranging from Zionism to "the role of the policeman in homosexual mythology" (seen through the memoirs of E. M. Forster) to the prose in Newsweek magazine. As the two heroes lock horns ideologically, so they thrash out the question of whether journalism or fiction can best tell the objective truth about the world — or whether both might not be equally distorting. To add further distortion, Mr. Hare erects the conceit that his entire play is in fact a cheesy movie adapted from a novel that Mehta subsequently wrote about his experiences in Bombay.

"The National and the RSC insure the continuous survival of the theater as a forum for art and ideas."



Left, Roshan Seth plays a famous novelist in David Hare's "A Map of the World" at the National. Ralph Richardson, below, stars in the National's staging of Eduardo de Filippo's "Inner Voices." The diverse menu offered by the National and the RSC is dizzying.



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"ZELIG"—Woody Allen, in the role of Leonard Zelig, has arranged to have himself flanked by Calvin Coolidge and Herbert Hoover. Opening Friday in New York.

THE PRO-PLO propaganda machine operating in the United Nations organizations recently suffered two temporary setbacks, reflecting what might be diminished status for the Palestinian group and its Arab supporters at UN headquarters here.

First, the sponsors of a UN-backed international conference on the Palestinian question, responding to strong French pressures, decided to cancel a plan to hold the meeting in Paris and there are indications that the conference may not take place at all.

Another scheduled UN meeting, to deal with the "alliance" between Israel and South Africa, will apparently also not take place in the near future.

At its last session, the General Assembly decided to hold an international conference on the "question of Palestine" at UNESCO headquarters in Paris.

On the heels of this war in Lebanon, it was decided to convene the conference in August 1983, a year earlier than planned. It was also decided to precede the conference with a major international "round-table" in Vienna, to be co-chaired by former Austrian chancellor Bruno Kreisky, and attended, so

it was promised, by former American president Jimmy Carter and Gerald Ford.

To intensify the public impact of the conference, it was decided that the UN would hold five regional preparatory meetings on the question of Palestine — the African meeting, held in Tanzania two months ago, was poorly attended. Less than 20 African delegates came to the event, which represented a major diplomatic blow to the PLO.

BUT THAT was a minor problem compared to the major obstacles the PLO and its supporters were to face in Europe. When the vote was taken in the General Assembly to hold the conference, all members of the European Community, with the exception of Greece, abstained. And when plans were made for the preparatory regional European conference, to be held in July in Geneva, most of the European members indicated that they would not attend.

The strongest reservations were voiced by the French. Immediately after the assembly decided to hold the conference in Paris, French officials made it clear that they would like to see the conference moved

HAS THE PLO PEAKED?

By LEON HADAR / New York

elsewhere. The French officials expressed concern that the gathering might ignite anti-Semitic incidents and draw terrorists from around the world to their capital. Another more important, though undeclared, reason for the French position is thought to be President François Mitterrand's reluctance to meet PLO head Yasser Arafat, who was thought sure to be present at the conference.

French Foreign Minister Claude Cheysson told the French National Assembly last month that the scheduled conference seemed "untimely to us." He noted that the conference would take place "at a particularly unhappy period for the French because it marks the anniversary of racist events; of anti-

Semitic attacks that we deplore," referring to incidents in Paris last year, including the attack on a Jewish restaurant in the city.

The French foreign minister's remarks came in the wake of major Jewish lobbying efforts against the conference in France and elsewhere around the world. Last September, the chief rabbi of France, accompanied by the World Jewish Congress American section chairman and the UJC's UN representative, met with the French ambassador in New York and received assurances that France did not support the conference.

And at the WJC governing board meeting in Washington last February, a resolution was adopted calling on member communities to

make appropriate presentations to their governments not to attend the conference.

AT THE PEAK of the international Jewish campaign against the conference, a group of French Jewish leaders met with Cheysson and threatened to bring demonstrators from around the world to Paris to protest the conference. It was not difficult for the French officials to imagine what that might lead to: counter demonstrations, major acts of violence in the French capital, the possibility that rival groups in the Palestinian organizations would use the event to assassinate their internal enemies.

Following these developments, French officials negotiated a behind-the-scenes agreement with

the PLO. According to UN diplomatic sources, in return for the PLO consent to transfer the conference from Paris, the French promised to attend the meeting at its new venue.

On June 2, in New York, the PLO UN observer, Zehdi Labib Terzi took the lead in ruling out Paris as a site. He then proposed that the organizers report on the availability of another site. No such site has yet been found, and many observers here predict that the conference will eventually not take place at all. Most probably, at least, it will be put off until next year.

ANOTHER UN-sponsored conference which will probably also be postponed, if not cancelled, is on the "alliance" between Israel and South Africa, a favorite theme of the anti-Israeli automatic majority in the UN.

Last May, the special UN committee on Apartheid, which works under the supervision of a Soviet official, met in New York and decided to convene an official UN meeting dealing with the "alliance between Israel and South Africa," at the Vienna UN centre from July 11 to 13.

The committee, only four of whose 18

members have diplomatic relations with Israel, decided to organize the conference in cooperation with two pro-Soviet front organizations — the Afro-Asian Peoples Solidarity Organization and the World Peace Council. On the conference's agenda is an analysis of the relations between South Africa and Israel and their implications and ramifications, as well as proposals for action by governments, inter-governmental and non-governmental organizations and others.

Israel's UN Ambassador Yehuda Blum immediately blasted the decision to hold the conference, noting that the committee made its decision without the authorization of the UN General Assembly. Blum also noted that South Africa's trade with Israel accounts for no more than 0.4 per cent of South Africa's trade with the world, including it with some members of the UN Committee Against Apartheid.

In recent days, U.S. and West European governments have been putting pressures on the UN secretary-general to get the meeting cancelled. UN observers here believe that the conference will be postponed and that eventually it will in fact be cancelled.

Give the poor motorist a break

LISTENING IN / Ze'ev Schul

BEING somewhat slow-witted by nature, it has taken me some time to come round to the fact that we car radio licence payers are being had.

Not only do we represent the largest segment of the fee-paying audience, percentage-wise, we are, in all probability — and until somebody devises a gadget enabling us to watch a TV screen and drive our cars at one and the same time — the most captive of all audiences.

In view of all this, and while I have no intention of asking the licensing authority what business it has raising radio fees on behalf of the Ministry of Communications, I will in future insist on our keeping a fair share of the programme.

Why should we be fobbed off with a paltry few minutes of "Green Light," just before the seven o'clock morning news, and a musical quiz in the afternoon? The latter may do credit to Gideon Hod's musical knowledge, but it is not what we need.

One additional concession made for the benefit of car owners is the early morning helicopter broadcast. The insurance people who provide the chopper get some free advertising: the Israel Radio staffers on board get a free ride. We, the creeping ant columns down below, get absolutely nothing.

Once those young broadcasters get up there among the clouds, they tend to get lost in their own clouds of purple prose. We don't need to know what things look like from up there — what we do want to know, in the plainest possible terms, (since in the meantime we may have missed the vital turning that could have saved us the traffic jam we are heading into) is the when, where and how.

Should people bound for Holon and Bat Yam from the north take the Geha Road, or go through Jaffa? Never mind the fiery ball of the rising sun against the royal purple of the Judean Hills; give us the nitty gritty.

Also, why restrict information to the Tel Aviv area? Why not inform drivers from Safed, Carmiel and the surrounding area whether they wouldn't be better off taking the Ahihud-Yagur road rather than brave the Krayot bumper-to-bumper traffic?

This highway, incidentally, is enveloped by an appalling stink most of the time. The combined

olfactory impact of the Kishon refineries and you-name-it could well be bottled and held in reserve for some future military operation.

WHAT MADE me spring to the defence of the motorist was, amongst other things, the poor FM stereo reception outside the Tel Aviv area. But music is only part of it. We drivers would appreciate some practical programmes as well.

What about a survey of fuel stations? I discovered that my car engine performed better after I switched my sources of supply. I now tank up at the Sonol station in Nahariya. Service there comes with a smile, and I have no more pinging problems.

While at it, the Israel Radio sleuths might also begin evaluating the quality of service offered by the various stations, including inspection of their conveniences and technical services.

This applies in particular to air pressure gauges. On three separate occasions, I used these gauges in good faith, only to discover later that I had inflated my tyre beyond the maximum permissible limits and that it was a miracle it hadn't blown up in my face.

And how about rewarding courteous and law-abiding drivers? Instead of all the lip service it pays, Israel Radio might initiate a national championship with tempting prizes donated by the insurance company, instead of those silly helicopter rides.

And how about having doctors talk to us about the do's and don'ts of driving? We could, to great advantage, learn about the importance of regular rest periods on long-distance trips and the fact that that blinding headache may be due to nothing more serious than fly-specks on the windscreen in one's line of vision. Somebody might also point out the benefits of leaving the car in the railway station parking lot and taking a cheaper trip by train. On the Tel Aviv to Nahariya line it is not only cheaper but faster.

Our new minister without portfolio, Sara Doron, conquered the air waves last Wednesday. I heard her three times on the radio and once on TV. She doesn't have much of a radiophonic voice, but, contrary to some other ministers I could mention — with or without portfolios — she makes sense.

LONDON'S classical music scene, which already has a strong Israeli influence in the shape of several leading soloists, will have an additional Israeli element this summer. Not only is the Israel Philharmonic Orchestra coming to give two performances at the Promenade season in September, but the Jerusalem Symphony Orchestra will also be playing here.

The key figure in bringing over Israeli artists, soloists as well as orchestras, is impresario Victor Hochhauser, who together with his vivacious wife Lilian has been putting on concerts in London for almost 40 years. Because of their Orthodox backgrounds and Zionist feelings, they go out of their way to promote Israeli artists, often, when it comes to the young unknown performers, at a financial loss.

Hochhauser was born in Prague in 1923, the son of an Hungarian rabbi. When Hitler marched into Czechoslovakia, the family fled to England, where Victor studied at a yeshiva. In 1945 he put on his first concert to raise money for the Jewish Secondary Schools movement, and it was not long before he

was making a name for himself as Britain's youngest impresario.

He has worked with all the "greats." For 25 years, he promoted all the outstanding Russian performers. When they first began to be allowed out of the USSR after the death of Stalin, his knowledge of Eastern Europe and his command of Russian gave him a clear advantage.

THEIR TRIPS to Moscow enabled the Hochhausers to make contact with Russian Jews before Soviet Jewry became an international issue. "We met Jews when no one else ever thought of it," says Victor. "I was in close touch with the Israel

Promoting Israeli classical music

By HYAM CORNEY / London

Embassy in Moscow. I also visited the Jews of Kiev before any other foreigner and before there was any question of Jews leaving the Soviet Union."

But when that question did arise, it brought the Hochhausers face to face with a moral dilemma. The Jewish world was campaigning for the release of their brethren from persecution while Victor and Lilian were helping Soviet prestige by promoting their artists in the West. Soviet Jewry campaigners turned on the Hochhausers, accusing them of treachery.

In the end, for a variety of reasons, including the Jewish question, they stopped dealing with the

Russians. In recent years, their musical contacts have been increasingly with Israel, where the three of their four children live and where they have a beautiful home in Jerusalem (currently inhabited by former president Yitzhak Navon and his family).

Victor says that Itzhak Perlman is "the biggest name in the business. He has taken over where Oistrakh left off." He thinks Daniel Barenboim is "a genius, a most amazing man" and has a high regard, too, for Pinchas Zukerman. "We are very close to all three."

IS ISRAEL producing other musicians of the same class? "To produce artists of that

quality is very difficult said Hochhauser. "There are many fine artists coming up, but I cannot see anywhere in the world a trio to match the phenomenon of Barenboim, Perlman and Zukerman, who captured the imagination of the world in a manner that was quite unique."

But Hochhauser did single out one Israeli, Shlomo Mintz, for special praise. "He is going right to the very top," he predicted.

In June, to celebrate her husband's 60th birthday, Lilian arranged a special concert with their friend Mstislav Rostropovich as guest performer, to raise money for the Rubin Academy of Music in Jerusalem (she is co-chairman of the academy's British friends). Yitzhak Navon came to London for the occasion, and other guests included former British premier Edward Heath.

Many Israeli musicians owe a great deal to the Hochhausers. They hope that among the young pupils of the Rubin Academy are others whom they may be able to help one day by presenting them at London's Royal Albert Hall.

SUMMER 83
Municipality of Tel-Aviv-Jaffa

THE PHILHARMONIC IN THE PARK

OPEN AIR CONCERT: THE ISRAEL PHILHARMONIC ORCHESTRA
In the Yehoshua Gardens—Hayarkon Park
Saturday night, July 16, at 9:00 p.m.

Conductor: Zubin Mehta
Soloist: Itzhak Perlman
Also featuring: •The Tel Aviv Philharmonic Choir
under the direction of Michael Shani
•The Israel Defence Forces Choir

PROGRAMME:
• Ben-Haim: "Tnuah Lelshet" • Handel: "Hallelujah" from the "Messiah"
• Brahms: Hungarian Dance No. 5 • Dvorak: Slavic Dance No. 7
• Lavri: Horah "Emek" • Beethoven: Finale from Symphony No. 7
• Tchaikovsky: Finale from violin concerto • Tchaikovsky: 1812 Overture

FIREWORKS

Special Parking and Direction of Traffic.
Detail in newspapers of Friday, July 15.

SEATING ON THE LAWN

Tel Aviv Foundation

Tel Aviv — Jaffa Municipality

VIVE!

On Thursday, July 14, Bastille Day will be celebrated throughout France.

To celebrate this holiday of freedom and justice, The Jerusalem Post will publish a special supplement on the subject of France-Israel relations.

What does the future hold between the Blue-White and the Blue-White-and-Red? Read about it in the supplement.

gratis with Thursday's

THE JERUSALEM POST

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Your money and your questions

priced at more than 360,000 a carat some four years ago is available to-day for one third of that value. There are no signs as yet that the market is improving for investment size diamonds.

Expansion makes guest house the biggest

Jerusalem Post Reporter

GINNOSAR. — The recent opening of a new 60-room building here brings the total number of guest rooms to 170, making Nof Ginnosar, the largest kibbutz guest house.

Located on the northwest shore of Lake Kinneret, Nof Ginnosar has become one of the most popular tourist sites in the area in the 20 years since its modest start, and has received the Outstanding Promoter of Tourism Award.

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Jerusalem: Discount Bank, Clal Building, 97 Jaffa Rd., Tel. 02-232377.
Haifa: 11 Pal-Yam St. adjoining Zim building, Tel. 04-670725

Prospectuses and application forms are now also available in English.

The People You Can Talk To

ISRAEL DISCOUNT BANK

WHAT'S ON

Notices in this feature are charged at \$158.10 per line including VAT. Insertion every day costs \$1898.40 including VAT, per month. Copy accepted at offices of The Jerusalem Post and all recognized advertising agents.

Jerusalem MUSEUMS

Israel Museum. Opening Exhibition (tomorrow): China and the Islamic World: Mutual Influences in Ceramics. Continuing Exhibitions: George Segal, sculptures; The Photographs of Manuel Alvarez Bravo; Oil painting section; Permanent collection of Judaica, Art and Archeology; Primitive Art from the Museum's collection (Mamarent Pavilion); Looking at Pictures (Ruth Youth Wing); Permanent exhibition "In Pre-historic Hall"; Farnell and Albertini Special "Newly 18th cent. Venetian Opacritic Caricatures (Cohen Gallery). Special Exhibits: "Vivaldi 18th cent. mosaic from a Byzantine church; Torah Finales (Rimmonim) produced in Sana'a by Yemenite Jewish goldsmiths (beginning 20th cent.). At the Rockefeller Museum: Kadesh-Barnea, Judean Kingdom Fortresses. Palyk Center: Wonderful World of Paper.

Visiting Hours: Main Museum 10.5. At 11: 15th cent. in English. 11 and 3.30. Film, "Tom Sawyer." 2. Special screening, "George Segal." 3.30: Special guided tour of Archeology Galleries.

CONDUCTED TOURS

HADASSAH — Guided tour of all installations — 9.30. Starts tours at Kiyat Hadassah and Hadassah Mt. Scopus. — Information, reservations: 02-416333, 02-426271.

Hebrew University

1. Tours in English at 9 and 11 a.m. from Administration Building, Gift: Ram Campus. Buses 9 and 28.

2. Tours in English at 11 a.m. from the Bronfman Reception Center, Sherznan Building. Buses 9 and 28 to last stop. Further details: Tel. 02-852810.

American Mithraei Women. Free Morning tours — 8 Aiklat St. Jerusalem. Tel. 02-

ENTERTAINMENT

TELEVISION

EDUCATIONAL:
9.00 The Beatles
9.25 Learn to play a musical instrument: writing music
9.40 Grasshopper Island — drama: parts 3 & 4
10.05 Dominic — drama: part 7
10.30 Sports programme
11.10 Art Magazine — film on Rembrandt
16.00 That's it — life youth magazine: including Gidi Giv in the studio
17.00 A New Evening — life magazine
CHILDREN'S PROGRAMMES:
17.30 Different Strokes
18.00 Shmitty's Cat Club
A RABBIT LANGUAGE programme
18.30 News roundup
18.32 Sports
19.27 Programme Trailer
19.30 News
HEBREW PROGRAMMES resume at
20.00 with a news roundup
20.03 Famous Homecoming
20.30 Beauty Spot — tips for hikes and trips
21.00 Mabaz Newsreel
21.30 Elschied — police drama series: Only the Pretty Girls Die
22.15 This is the Time — weekly interview
23.05 Yitzhak Perlman presents pianist Ken Noda
00.00 News
JORDAN TV (unofficial):
17.30 Cartoons 18.00 French Hour 18.30 (TV 3) The Muppet Show 19.00 News in French 19.30 News in Hebrew 20.00 News in Arabic 20.30 Taxi 21.10 Freedom Road
22.00 News in English 22.15 Musical Hour

Communities in the Balkans (3)
20.30 Israel Philharmonic Orchestra
Zubin Mehta conducting with Yitzhak Perlman — Berg pieces, Op.8
Tchikowsky/Violin Concerto;
Schumann: Symphony No.3
23.00 Contemporary Music — Yehudi Menuhin: Event; Mary Ellen-Or: Music for strings, Moshe Glick: Concerto
Stockhausen: Animal Circle
00.10 Music from the Distant Past

First Programme

6.03 Programmes for Olim
6.30 Light Classical Music — Works by Vivaldi, Debussy, Borodin, Berlioz, Handel, Verdi and others
10.05 Meeting — life family magazine
11.10 Poets' Songs
11.30 Education for all
12.05 Sephardi songs
13.00 News in English
13.30 News in French
14.05 Children's programmes
15.25 Sport for Youth
15.53 Notes on a New Book
16.05 Afternoon Classics
17.12 Jewish Ideas
17.30 Everyman's University
17.53 Agricultural Broadcasts
18.05 Spotlight — social and state affairs magazine
18.47 Bible Reading — Eilat 9: 10-15
19.05 Reflections on the Portion of the Week by Rabbi Zefania Drori
19.30 Programmes for Olim
22.05 Talk on marriage matters
23.05 Castles in Spain

Second Programme

6.12 Gymnastics
6.30 Editorial Review
6.54 Green Light — drivers' corner
7.00 This Morning — news magazine
8.05 Children's programme
10.10 All Shades of the Network
12.05 Open Line — news and music
13.00 Midday — news commentary, music
14.00 News and current affairs
16.10 Questions and discussion on religious topics
17.10 Magazine
17.25 Of People and Places

GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Kupat Holim Cholim, Romema, 2723191, Beit An, Salala Eddin, 272315.
Beit An: Shu'afat Road, 810108. Dar Eldan, Herod's Gate, 282058.
Tel Aviv: Naveh, 170 Arlosoroff, 254507.
Kupat Holim Cholim, 7 Amsterdam, 225142.
Netanya: Haanagen, 13 Weizmann, 22985.
Haifa: Yafa, 7 Ibn Sina, 672288. Harman, K. Meidan, 715136.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics), Hadassah E.K. (internal, surgery, orthopedics, N.E.T.), Magen Adom (obstetrics), Shaare Tefet (ophthalmology).
Tel Aviv: Rothschild (pediatrics, internal, surgery).
Netanya: Laniado (obstetrics, internal, pediatrics, gynecology).
Yotvata LaTuch: Open line 4-6 p.m. every day. Open line to obstetrics, gynecology, fertility, sexual functioning and family planning problems. Tel. 02-633356.

FIRST AID

Magen David Adom first aid centres are open from 8 p.m. to 7 a.m. Emergency home calls by doctors at fixed rates. Sick Fund members should enquire about rebate.

Phone numbers: Jerusalem, Tel Aviv, Haifa - 101. Dan Region (Ramat Gan, Be'er Brak, Givatayim) - 781111.

Ashdod 2722	Nazareth 54333
Ashdolan 2333	Netanya 23333
Be'er Yava 585546	Petah Tikva 912333
Beerseheim 78333	Rohovot 054-51333
Elat 72333	Rishon LeZion 942333
Hadera 22333	Safed 30333
Holon 8031334	Tiberias 20111
Nahariya 923333	

"Ezer" - Mental Health First Aid, Tel. Jerusalem 669911. Tel Aviv 253311, Ussig 536-883, Beersheva 48111, Netanya 35316.

Rape Crisis Centre (24 hours), for help call Tel Aviv, 1234619, Jerusalem - 810110, and Haifa, 88791.

FLIGHTS

24-HOURS FLIGHT INFORMATION SERVICE

QUICK CROSSWORD

ACROSS

7 Captured

8 Foal
10 Sale
11 Verge
12 Cabbage

ARRIVALS ONLY
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03-295555 (20 lines)

13 Simpleton
17 Backbone
18 Impetuous
22 Foreign
23 Tusked whale
24 Herdsman
25 Spiritualist meeting

DOWN

1 Slight wound
2 Rapidly
3 Seat
4 Fate
5 Rose perfume
6 Concise
9 Justifiably angry
14 Copse
15 Spirited
16 Refuge
19 Convenient
20 Relict

Tel Aviv.

MUSEUMS

Tel Aviv Museum, Exhibitions: Expressionists — Buchheim Collection, Jewish Expressions in Berlin, A. R. Penck — Expedition to the Holy Land (Graphic Portfolio), Helmar Lerisy; Photographs 1910-1947, Collections Impressionist and Post-Impressionist, 20th Century Art, Israeli Art, New Acquisitions 1982-83, 11 Sculptures and Tryptichs — Isael Turkamir.

Visiting Hours: Fri. closed, Sat. 10-2; 7-10, Sun.-Thur. 10-10, Herta and Paul Amiria Pavilion, Vardi House: Tues. 10-12, Thurs. 9-11; 2-6, Sat. 10-2, Fri. closed.

CONDUCTED TOURS

American Mithras Museum, Free Morning Tours — Tel Aviv, Tel. 220187, 243106.

WIZZO: To visit our projects call Tel. Aviv, 212393; Jerusalem, 226060; Haifa, 89337.

PIONEER WOMEN — NA'AMAT, Morning Tours. Call for reservations: Tel Aviv, 256096.

Haifa

What's On In Haifa, dial 04-640940.

Rehovot

The Weizmann Institute, Grounds open to public from 8:00 a.m. to 3:30 p.m. Visitors invited to see audio-visual presentations on institute's research activities, shown regularly at 11:00 a.m. and 3:15 p.m., Friday 11 a.m. only. Tours of the Weizmann House every half hour from 10:00 to 3:30 p.m., Sunday to Thursday. Nominal fee for admission to Weizmann House. No visits on Saturdays and holidays.

Yesterday's Solutions

R	E	C	O	R	D	P	L	A	I	N	G	E	R	
F	A	N	T	I	N	G	S	H	E	P	T	I	N	G
C	O	L	D	I	K	E								
M	A	I	M	I	M	A	I	M						
C	E	P	E	I	S	T	I							
N	E	T	A	I	N	G								
E	D	A					A							
P	O	N	D	E	E	H	E	R	O	S	E			
H	U	N	Y	L	O	E	S	M						
E	S	T	E	S	K	A	T	S	M	I	S			
A	C	R	M	S	T									
R	E	A	L	I	S	E	P	R	E	A	T	E		
Y	S	T		N	U	M								
S	T	R	E	T	A	R	I	S	T					

Quick Solution

ACROSS: 1 Trayed, 4 Light, 8 Boon,
9 Candour, 10 Anagram, 11 Memo,
12 Fig, 13 Zola, 15 Lady, 16 Leo, 17
Lace, 18 Globe, 19 Terror, 20 Scrup,
22 Inure, 27 Armed, 28 Aphase, DOWN:
1 Tarzan, 2 Avocado, 3 External, 4
Lace, 5 Globe, 6 Terror, 7 Scrup,
13 Glancing, 16 Dracula, 17 Façade,
18 Shies, 39 Advent, 28 Optima, 29

18.05 Safe Journey
 19.00 Love and music newswear
 19.30 Louis and Jewish Magazine
 20.05 Hebrew songs
 21.05 Folk songs
 23.05 Treasure Hunt — radio game

Arny
 6.05 Morning Sounds
 6.30 University on the Air — Prof. Haim Harari lectures on Nuclear Physics
 7.07 "707" with Alex Ansky
 8.05 IDF Morning Newswear
 9.05 Right Now
 11.05 Musical Requests
 12.05 Israeli Summer — with Eli Yaroni
 13.05 One and to the Point — midday magazine
 14.05 Time Passes
 16.05 Four in the Afternoon
 19.05 IDF Evening Newswear
 18.05 Social Magazine
 19.05 Music Today — music magazine
 20.05 Israeli Rock
 21.00 Mabat Newswear
 23.15 University on the Air (repeat)
 22.05 Popular songs
 23.05 Personal Film
 00.05 Night Birds — songs, chat with Yehuda Dan

CINEMAS

JERUSALEM 4, 7, 9
Eden: Kuni Lemel in Cairo; **Edison:** Octopussy 4.15, 6.30, 9; **Hahinukh:** Tootsie 4, 6.45, 9; **Kfir:** Sabotta; **Minichal:** Sophie's Choice 6.15, 9; **Ophir:** Boum In Orion; **Return of the Jedi** 4, 6.30, 9; **Oran:** Le Retour Des Bidasses on Folie; **Ron:** Finala; **Blaynez Ha'men:** Secret of Ninth 4, 6.30, 7; **Chema:** One: Triple feature! **Private Lessons** 6.30, **Iman:** Popologie 8; **Stripes:** 4.15, **Chassan:** 7.15, 9.15; **High Noon** 9.30; **in 9 in small house**; **Nan Dance**, in the film series — **Dancing in the Kitchen:** Israel Museum; **Tom Sawyer** 11.00 a.m.; **Scalptor** George Segal 2.

TEL AVIV 4.30, 7.15, 9.30
Albany: Trinity; **Ben-Yehuda:** Buddy Holly Story 4.30, 7, 9.30; **Ches:** I: Sophie's Choice 6.30, 9.30; **Fox and the Hound** 11, 2, 4.20, 7.30, 9.30; **Ches:** 2: Cannery Row 4.30, 7.05, 9.30; **Ches:** 3: Fox and the Hound 7.30, 9.30; **Jungle Book** 11, 2, 4.40; **Ches:** 4: Another Bird Said 7.25, 9.30; **Herbie Goes Bananas** 4.30, 7, 2, 4.40; **Ches:** 5: Diner 7.15, 9.30; **E.T.:** 7, 2, 4.30; **Chema:** One: Garden of Venus; **Dolby:** Kramer vs. Kramer 7.15, 9.30; **Drive-In:** Kill Squad 9.30; **Secret:** of Ninth 7.15; **Sax** film 12.15 midnight; **Barber:** Le Boum 11 4.30, 7.30, 9.30; **Ches:** 6: Officer and a Gentleman 9.30, 7, 9.30; **Secret:** of Ninth 11.30, 9.30; **Gordons:** Doder' Ka-don 4.30, 7, 9.30; **Ches:** 7: Private Maneuvers; **Lev:** I: Finala 1.30, 4.30, 7, 9.30; **Lev:** II: Tragedy of a Ridiculous Man 1.30, 4.30, 7, 9.30; **Lev:** Manhattan 7.15, 9.30; **Hedra's** Song 11, 3.30, 5.30; **Maxine:** Le Retour des Palafreux; **Megamall:** Tootsie 4.30, 7, 9.30; **Oran:** Foxes Girl 4, 11, 6, 8; **Parler:** Papper Dogs 10.15

7.15, 9.30; **Peor:** Kuni Lemel in Cairo; **Shahar:** Return of the Jedi 4, 7, 9.30; **Shimla:** Man, Woman and Child; **Tel Aviv:** Executioner's Song 4.30, 7, 9.30; **Tel Aviv:** Octopussy 6.45, 9.30; **Tel Aviv:** New York; **Darvas:** Eighty Three 10 p.m.; **Zeina**

HAIFA 4, 6.45, 9
Amphitheatre: They Call Me Tramp; **Armon:** Octopussy 4, 6.30, 9.30; **Asaf:** Return of the Jedi 4, 6.30, 9; **Chassan:** Kuni Lemel in Cairo 4, 6.45, 9; **E.T.:** 10, 2, 4; **zila** at War 12 noon; **Galer:** Bobber and the Outlaw 10, 2, 4; **Maja:** 12

Haifa Municipal: Eighty Three 6.30; **Lev:** Or: American Gigolo 6.45, 9; **Melch:** 4; **Morish:** Annie 5, 7; **Oran:** Tootsie 4, 6.30, 9; **Oran:** Dancin' the Hitch Hiker 6 noon; **Orly:** Sophie's Choice 9; **Parler:** Finala; **Ron:** Sabotta 4, 7, 9; **Shavie:** Kuni Lemel in Cairo 5, 7, 9; **Assaf:** Officer and a Gentleman 6.30, 9; **The Black Hole** 4; **Orly:** Sophie's Choice 9; **The Fox and the Hound** 11, 2, 3.30; **Goodye:** Emma 12 midnight.

NETANYA 6.15, 8.15, 10.15
Armon: In Search of the Castaways
 9.30; **Lily:** Gandhi 3.30; **Secret:** of Ninth 11, 4, 5.30, 7; **Oran:** Sophie's Choice 9.30; **Fox and the Hound** 4, 6.30; **Oran:** Private Maneuvers 7.15, 9.30; **Oran:** Return of the Jedi 4, 7, 9.30

HERZLIYA
Dolby: Kuni Lemel in Cairo 7.15; **Secret:** of Ninth The Verdict 7.15, 9.15

NETANYA
Roth: Le Choc 7, 9.15

HOLOON
Migdal: Officer and a Gentleman
 E.T. 4.30, 7.15; **Savoy:** Octopussy 4.30, 9.30;

KAMAT HAHARON

Money Matters

Monday, July 11, 1983 The Jerusalem Post Page Seven

Market gloomy as investors unload

TEL AVIV. — A wave of selling hit the stock market yesterday, bringing the turnover in stocks to IS861 million compared to only IS602m. during the last day of trading last week.

Although the drop in prices was not greater than on most days last week, many more stocks fell creating a gloomy atmosphere.

All categories fell in the daily index, even commercial banks, which usually rise slightly. In the past, if some of the smaller banks did fall, rises in the larger banks more than compensated for this.

However, yesterday, the index of commercial banks fell by 0.09%, a small amount, but indicative of the temper of the entire market. The index of the entire market fell by 0.1%, and of the 100 index by 0.1% (that is, 100 minus 0.1).

Finance and Trade's 1.0 and 5.0 shares, plus falls in the Danot-First International FIBI Group, ranging from 0.8% to 5.6%, were more than

Tel Aviv Stock Exchange

By MACABEE DEAN

enough to offset the tidy rises of the big banks.

Only three shares were registered as buyers only yesterday while ten were sellers only, 17 shares rose by 5% or more but 78 fell by 5% or more.

However, despite heavy selling pressure, there was no indication yesterday that the market was in for a "bust."

As one banking network said, in a circular distributed to the portfolio managers in its branches, "the market is not expected to pick up for some time because public confidence has not yet returned."

The General Share Index fell by 0.71% yesterday, with the various categories as follows: mortgage

banks 0.12%, financing institutions 0.21%, insurance companies 1.61%, trade and utilities 3.31%, land development and citrus 3.64%, industrials 1.97%, investment companies 0.27%, petroleum 0.71%, and shares traded in foreign currency 0.78%.

Of the eight shares listed as "wild swingers," with a tendency to fluctuate sharply in either direction, all fell yesterday, with the worst decline chalked up by Malal, down by 15%, while the others fell in the 10% range. They were: Adanim, Yardenia 0.5, H.L.B. 0.1, Shilton Register, Spectronics 5.0, North American Oil, and as noted above, Finance and Trade Bank. Other shares also fell by around 10%, especially options, but their turnover was not so great.

Index linked bonds were generally firm, with slight fluctuations in either direction. Some bonds linked by 100%, rose or fell by up to 2%. Double option bonds rose slightly, bonds traded in foreign currency fell by up to 1.5%, and those linked to foreign currency rose by up to 1%.

Alliance Tyres announced that it plans to raise IS882m. on the stock market through the issue of shares and options. The funds are to increase production, to introduce new products, to change equipment, and to improve the firm's capital structure.

Chaman Paper Converting announced that its sales in the past year stood at IS88.4m., compared to IS 38.5m. in the previous year. However, exports dropped from IS6.3m. in 1981-82 to IS4.8m. last year. Net after tax profits were IS6.8m. compared to IS0.8m. the previous year.

Holon Block 6043 Plan 3000/H Non-Resident owner of plot in above area, interested in development.

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Commercial Banks

Bank	Price	% Change
Bank Leumi	2200	+0.09
Bank Hapoalim	1800	+0.09
Bank Mizrahi	1500	+0.09
Bank Discount	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09

Land, Building, Citrus

Category	Price	% Change
Land	1200	+0.09
Building	1000	+0.09
Citrus	800	+0.09
Land	600	+0.09
Building	400	+0.09
Citrus	200	+0.09
Land	100	+0.09
Building	80	+0.09
Citrus	60	+0.09

Mortgage Banks

Bank	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Financing Institutions

Institution	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Insurance

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Services & Utilities

Service	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Forward Rates

Rate	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Industrial

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Transportation

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Chemicals

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Metals

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Textiles

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Food

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Pharmaceuticals

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Electronics

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Automotive

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Energy

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Telecommunications

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Media

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Real Estate

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Healthcare

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Education

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09
Bank Mizrahi	200	+0.09
Bank Discount	100	+0.09
Bank Hapoalim	80	+0.09
Bank Mizrahi	60	+0.09
Bank Discount	40	+0.09

Government

Company	Price	% Change
Bank Leumi	1200	+0.09
Bank Hapoalim	1000	+0.09
Bank Mizrahi	800	+0.09
Bank Discount	600	+0.09
Bank Hapoalim	400	+0.09

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Aridor on the hook

TO SUGGEST that Israel is in dire economic straits, and that the trouble is largely the product of a misguided economic policy, is at worst to be guilty of a truism. But when the suggestion is made by MK Yigael Cohen-Orgad it is something of a sensation. This is because the Herut parliamentarian is the head of the Likud faction on the Knesset Finance Committee, and would normally be expected to serve as a major prop for Finance Minister Yoram Aridor.

Mr. Cohen-Orgad's outspoken criticism has, not surprisingly, thrown the Treasury and its loyal political backers into a veritable fit.

When he first sought to speak his mind, at the Herut central committee meeting last Thursday, Mr. Cohen-Orgad was literally shouted down by friends of Mr. Aridor. When he repeated the criticism on radio and television, Deputy Finance Minister Haim Kaufman offered a rebuttal of sorts, proposing that Mr. Cohen-Orgad was politically, and therefore illicitly, motivated. He might have meant that Mr. Cohen-Orgad, supported by Defence Minister Moshe Arens, was doing to Mr. Aridor what Mr. Aridor had done to Yigael Hurvitz three years ago, in laying out an alternative economic policy to be implemented by himself.

Most Israelis, however, would probably reason that what was sauce for the goose is sauce for the gander. What truly interests them is only whether Mr. Cohen-Orgad is right in his contention that failure to drastically revise policy now would only require a more painful change of course at a later date.

What Mr. Cohen-Orgad plainly has in mind has been spelled out in alarming detail in a whole series of reports by the Central Bureau of Statistics and the Bank of Israel, which have also received frightening confirmation from the International Monetary Fund and the U.S. Government Accounting Office. The composite picture drawn by these diverse sources has received wide publicity. The country is running a 145 per cent annual inflation, and a balance of payments deficit of nearly \$5 billion. The national debt to foreign creditors has reached \$20 billion. While exports have been falling precipitously, imports and private and public consumption are rising steadily.

The unreality of improving living standards at a time the country is moving relentlessly towards bankruptcy should certainly have given the authorities pause. But so far it has not. True, Israel is still some two or three years away from genuine financial catastrophe, when it would be hard, if not impossible, to obtain fresh foreign loans to repay old debts. But progress to the brink is inexorable, under the present policy.

This prospect does not seem to faze the finance minister. What matters to him is that his ways keep his party in power and cement the historic tie with Judea and Samaria. If the worst comes to the worst, he probably believes the U.S., and American Jewry, would bail him out. Meanwhile the Israeli people, enjoying their artificial prosperity, buy his argument that, if anything is wrong with the economy, it is essentially the fault of the world recession and not of slow devaluation.

But the scenario is not working entirely as planned. The U.S. seems to be getting reluctant to pick up the tab for Mr. Aridor. According to American columnists Rowland Evans and Robert Novack a confidential section of the GAO report on aid to Israel claims that the U.S. "confronts a rising spiral of financing Israel that may be impossible to stop." Perhaps Washington should be satisfied that it can thus tie Jerusalem to its apron strings; but in fact it seems to be worried.

Some Israelis, too, are becoming concerned about an economic policy that is mortgaging the country's future to the vision of annexation. These Israelis might be ready to tighten their belts now, if this were the true official policy. But Mr. Aridor is fearful that an early shift in that direction, as recommended by Mr. Cohen-Orgad, would work against Likud interests: for example, it might lose the Likud the municipal elections due in November.

There are, therefore, good political reasons, in Aridor's book, including emerging internal divisions in Herut, for him to ignore economic realities and charge his critics from within the Likud with politicking.

POSTSCRIPTS

PS THERE ought to be a law requiring drivers to wear seat belts within city limits, and not just on inter-city highways, say two students at Bar-Ilan University who have surveyed the literature on the subject from several countries.

Shlomo Oren and Ehud Adam say the current law requiring seat belts only on inter-urban highways is not sufficient, since many accidents occur inside cities.

Persuading drivers about the importance of seat belts through advertising and publicity is also not sufficient, the students found. The only thing that works is to require by law that drivers wear seat belts, and for traffic police to enforce the law strictly.

PS WEST GERMAN scientists say their experiments confirm the theory that homing pigeons navigate by sense of smell. Researchers at the Max Planck Institute for Physiological Behaviour at Seewiesen, Bavaria, report, according to Reuters, that homing pigeons can normally return to base from a distance of about 700 km. But if the birds' sense of smell is suppressed, their maximum navigation radius is reduced to just 50 km.

The controversial theory that pigeons fly "by the nose" was first expounded by zoologists at the University of Pisa in 1971. Earlier theories suggested the birds used the sun and the earth's magnetic field as a compass.

Moscow blows cold

By MEIR MERHAV

WEST GERMAN Chancellor Helmut Kohl was cautious prior to his visit to Moscow, as the first Western head of government to meet Soviet leader Yuri Andropov; taking care to arouse no great expectations of spectacular diplomatic success or breakthrough. Events have proved that his caution was more than justified.

His reception in the Soviet capital has been evaluated by German commentators as "cool to cold," and the results do not seem to have led even half way to a summit.

Kohl's visit began late and was cut short. While the German Chancellor was still airborne, word was received from Moscow that his scheduled meetings with Andropov on Monday had been called off, for "personal" reasons. Substitute meetings with Premier Nikolai Tikhonov and Defence Minister Dmitri Ustinov left Kohl time for sightseeing in Moscow.

But, although the German delegation accepted the postponement of the top-level meetings as genuinely due to Andropov's ill health, German journalists who accompanied the Chancellor reported that unnamed Soviet sources had hinted that Andropov's indisposition had been not unwelcome diplomatically to the Soviets; it underscored that the talks were between a superpower and a second-rank power.

ON THE POSITIVE side, the results of Kohl's state visit were sparse.

Andropov intimated that agreement at the Geneva IMF talks was still possible (although the terms on which accord might still be reached were evidently as far apart as ever from those envisaged by Kohl, speaking for the West).

The Soviet leader accepted an invitation to pay a return visit to the Federal Republic, (although he failed to set a date), and expressed an interest in meeting with U.S. President Ronald Reagan (after due preparation, as Kohl said on television on Tuesday). Soviet Foreign Minister Andrei Gromyko promised his German colleague, Hans Dietrich Genscher, that he would examine with goodwill the problem of emigration permits for Germans.

On the negative side, Andropov made it clear that he was not budging on his missile stand. He told Kohl that the Soviet Union would respond to the stationing of the Pershing 2 and Cruise missiles by counter-measures to safeguard stationing of its security, and that the scheduled stationing of these missiles would not make the Soviets yield at the Geneva talks.

He also warned that the deterioration in East-West relations would affect ties between the Soviet Union and West Germany, as well as those between the two Germans.

GERMAN PRESS commentaries on the Kohl visit to Moscow were definitely downbeat. The conservative *Frankfurter Allgemeine* headlined its report on the visit as being a "tough and clear exchange," and as marked by "Andropov's vague threats of counter-measures."

In its editorial, the paper listed a whole series of steps the Soviets had taken to "build some cooling elements into the visit," and points out that Andropov did not even make the effort to offer Kohl some apparent concession. That, the paper finds, is a good thing, for there has already been enough propaganda in the nuclear arms conflict. The controversy, it concludes, will therefore go on.

The headline on the report in the even more extremely conservative *Die Welt* said that "Kohl and Andropov have not come even one millimetre closer." Pointing to Soviet threats, the editorial went on to say that Kohl had come to Moscow in a position of strength, backed by the unanimity of the West at Williamsburg, the NATO council, the European Community's Stuttgart Summit and the written backing of President Reagan. It was this position of strength, of which Andropov had been aware, that made it possible for Kohl to adopt a modest stance in his talks.

The paper gave Kohl top marks for representing German and American interests, and concluded that the day the new missiles are stationed will not mark the last day of German-Soviet relations — although these will be made more difficult by Soviet meddling in the Federal Republic's internal politics by its support of the peace movement.

THE LIBERAL *Sueddeutsche Zeitung* picked out the one positive result of the meeting: Andropov's acceptance of Kohl's invitation to Bonn. It added that Andropov is also prepared to meet Reagan, and that there was no agreement on the missile issue.

A report from Moscow says that Tikhonov made an Andropov-type speech, talking as a superpower to a medium power. Kohl had not built any bridges over the gap dividing East from West over the missile question, not even a footpath — nor could he have done so, because the talks in Geneva are between equals.

Therefore, commentator Leo Wieland consoles himself, the talks as such must be seen as having value in themselves, even if they have produced nothing tangible. This seems to reflect Kohl's own feeling, as expressed in a television interview he gave in Moscow, in which he said that while not much had been expected of his visit, it was nevertheless a good thing that he and his Soviet counterpart had made each other's acquaintance.

The *Frankfurter Rundschau*, which is close to the Social Democrats, emphasizes that there is no reconciliation on the missile problem — that Andropov gave Kohl no signal

Dry Bones



— but that both leaders agreed there was still a possibility of arriving at a solution in Geneva. The paper's Moscow correspondent described the talks as having been tough, with each side accusing the other of responsibility for the escalation in the arms race. Nevertheless, both sides evinced their interest in the continuation of Soviet-German relations.

NOW THAT KOHL's visit to Moscow is over, it becomes even less clear than before exactly what the purpose of his summit meeting with Andropov was. Both before and during his visit, the Chancellor repeatedly declared that he was acting neither as interpreter nor as intermediary. This was a reference to his predecessor, Helmut Schmidt, who described his role between the two superpowers as being that of an interpreter, not an intermediary.

However, Kohl's conception of Germany's role between the superpowers differs from that of Schmidt, in more than semantics. While the latter had sought to evolve a cautiously independent German posture, thereby enabling him at least to "interpret" if not to

mediate, Kohl has unequivocally and unreservedly adopted the American position, reserving for Germany at most some independent policy stance in matters of trade.

This has undoubtedly made Kohl more popular in Washington than Schmidt was, but it has also deprived Germany of any means of influencing either of the two superpowers. Moscow, as well as Washington, might have felt compelled to talk to a German Chancellor making an independent stand — however restrained or circumspect — because it is Germany, more than any other NATO country, that has a key role in the confrontation between the two superpowers. If Germany ties itself unreservedly to the U.S., for Moscow a redundant negotiating partner, an emissary from and to Reagan, Andropov does not need Kohl.

The coolness with which the German Chancellor was received in Moscow, and the lack of any token message of compromise, is a clear indication that this is how Moscow perceives the new political reality in Germany.

The writer is The Jerusalem Post's Moscow correspondent.

In the heart of the people

By MOSHE AUMANN

Land where my fathers died, land of the pilgrims' pride

IF EVER there was a place, anywhere on this globe, where a Jew had a right to make his home, Hebron, high in the hills of Judea, in the heart of the Land of Israel, is such a place.

Hebron was the residence of the patriarch Abraham, father of all Jews. It is also the burial site of the Hebrew patriarchs and matriarchs — Abraham and Sarah, Isaac and Rebecca, Jacob and Leah — and has been revered as such by local Jews and Jewish pilgrims through the ages. The town also played a prominent role in later periods of biblical history.

Hebron, along with Jerusalem, Tiberias, Pekiin and, since the 10th century, Safad, has been inhabited continuously by Jews. The Jewish presence in Hebron was not interrupted until 1929, when an Arab mob rampaged through the city's Jewish quarter, killing more than 60 Jewish men, women and children and putting the rest of the community to flight.

Under the terms of the League of Nations Mandate for Palestine,

ratified in 1922, Judea (where Hebron is located) was part of the territory of western Palestine that was to be made ready for the establishment of the Jewish national home — among other things, through "close Jewish settlement of the Land."

In 1948, Jordan invaded Judea and Samaria and later annexed the area. That annexation, however, was never accorded international recognition. Thus, when in 1967 Israel took possession of Judea-Samaria, it took possession of an area that, historically, has been an integral part of the Land of Israel and by edict of the League of Nations, was to become part of the Jewish national home. At the very least, it must today be considered unallocated territory, whose ultimate status has yet to be determined.

The Camp David Accords of 1978 call for negotiations among the parties directly concerned to make that

determination and to fix the final border between Israel and Jordan. Israel has always been ready for such negotiations, and is ready for them today. Until they take place, life in these areas goes on — and that includes the right of Jews, as well as Arabs, to reside there.

Israel's 1967 victory gave Jews the opportunity to return to places in Judea-Samaria, including Hebron, that they, or their fathers, had been forced to abandon. In the spring of 1968, the first Jews returned to Hebron and began construction of what is today the modern Jewish suburb of Kiryat Arba. Others have returned to Hebron itself, to reclaim and rebuild the Jewish homes and institutions in the old — and largely ruined and abandoned — Jewish quarter. Surely they have every right to do so.

The writer is a civil servant and an expert on Middle Eastern affairs.

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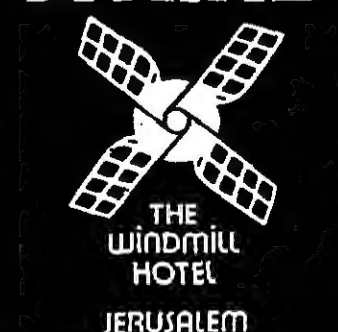
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